



SOCIOECONOMIC CONDITIONS OF FORMER
INTERNALLY DISPLACED PERSONS AND THE
IMPROVEMENT OF THEIR EMPLOYMENT AND
INCOME OPPORTUNITIES

Contents

Introduction	3
1. Legal and Institutional Framework for Internally Displaced Persons.....	4
1.1. Legal and Institutional Framework	4
1.2. Benefits and Privileges of Internally Displaced Persons.....	6
1.3. New Reforms in Azerbaijan's Housing and Social Protection Legislation: Establishment of a Permanent Resettlement Housing Fund in the Liberated Territories	7
2. Humanitarian Assistance from International Organizations and Donor Countries	8
3. SOCIAL INTEGRATION OF INTERNALLY DISPLACED PERSONS AND THE TRANSITION TO A NEW STAGE	13
3.1. STRENGTHENING THE SOCIAL PROTECTION OF INTERNALLY DISPLACED PERSONS	16
3.2. The Role of the State Oil Fund of the Republic of Azerbaijan (SOFAZ) in Improving the Social and Living Conditions of Refugees and Internally Displaced Persons	18
3.3. Settlement of Internally Displaced Persons in the Regions and Their Social and Housing Conditions	21
4. A New Paradigm after the 2020 War: The "Great Return" Program (2021–2026).....	27
4.1. Conceptual Foundations of the "Great Return" Program	27
5. The Great Return – From Employment to Resettlement!	32
6. Conclusion and Recommendations	38
List of Sources Used	40

Abstract

This study provides a comprehensive analysis of the state policies implemented in the Republic of Azerbaijan between 2016 and 2026 to improve the socio-economic conditions, employment opportunities, and income-generating capacity of former internally displaced persons (IDPs), as well as the programs carried out within the framework of international cooperation.

The research is based on the World Bank's 2023 survey data, the UNHCR Global Trends Report 2023, statistical indicators published by the State Statistical Committee of the Republic of Azerbaijan in 2025, and the latest government and media sources published in 2026.

The analysis demonstrates that the state policy pursued during 2016–2020, which was characterized by an active social protection model, evolved in the post-conflict period (2021–2026) into a comprehensive reintegration strategy under the "Great Return" State Program. This strategy places greater emphasis on employment promotion, vocational training, and the creation of sustainable sources of income.

According to data available as of November 2025, the employment rate in the territories liberated from occupation exceeded 92%. Nevertheless, the study identifies several persistent structural challenges, including the limited living space of the houses allocated to former internally displaced persons in Aghdam and Fuzuli, as well as the relatively low willingness of young people to return to these areas.

The study concludes by offering specific policy recommendations aimed at addressing these challenges.

Keywords: refugees, internally displaced persons (IDPs), IDP benefits and entitlements, employment rate, housing conditions, Great Return Program.

Introduction

One of the most complex humanitarian and socio-economic challenges in the modern history of the Republic of Azerbaijan has been ensuring the long-term well-being of internally displaced persons (IDPs). As a result of the First Karabakh War (1988–1994), approximately 700,000 Azerbaijanis were forced to flee their homes and temporarily settle in various regions of the country. During nearly three decades of displacement, 900 settlements, 150,000 houses, 693 schools, 855 kindergartens, 695 healthcare facilities, and 6,000 industrial enterprises were destroyed. Following the 44-day Patriotic War in the autumn of 2020, Azerbaijan restored its territorial integrity, creating a historic opportunity for former internally displaced persons to return to their ancestral homes.

In December 2022, the President of the Republic of Azerbaijan approved the First State Program on the Great Return to the Liberated Territories of the Republic of Azerbaijan.¹ This Program serves to implement the fourth of the five national priorities defined in the strategic policy document "Azerbaijan 2030: National Priorities for Socio-Economic Development," approved by Presidential Decree on 2 February 2021, namely the priority of "The Great Return to the Liberated Territories."² The primary objectives of the Program are to ensure safe living conditions in the liberated territories, establish modern infrastructure, revitalize economic activities necessary for sustainable resettlement, and provide employment opportunities for former internally displaced persons.

The purpose of this study is to examine the dynamics of the socio-economic development of former internally displaced persons between 2016 and 2026, analyze the measures implemented to improve their employment and income opportunities, identify the existing challenges, and provide evidence-based policy recommendations to support future policymaking.

¹ <https://president.az/az/articles/view/57883>

² <https://president.az/az/articles/view/50474>

1. Legal and Institutional Framework for Internally Displaced Persons

1.1. Legal and Institutional Framework

The purpose of this section is to examine the existing legal framework governing the rights of refugees and internally displaced persons (IDPs), including the right to work and fair working conditions, the right to social protection and social security, access to public services, the rights to food, clothing, and housing, the right to healthcare, family rights, and the right to education.

The 1951 Convention Relating to the Status of Refugees and its 1967 Protocol provide the internationally recognized definition of a refugee and establish the legal rights to which refugees are entitled.³ In December 1992, the Republic of Azerbaijan acceded to the 1951 United Nations Convention Relating to the Status of Refugees and its 1967 Protocol, thereby establishing a legal framework fully consistent with international standards concerning refugees and internally displaced persons. On 26 April 2012, Azerbaijan was elected as a full member of the Executive Committee of the United Nations High Commissioner for Refugees (UNHCR).⁴

In order to address the social challenges faced by internally displaced persons (IDPs), the President of the Republic of Azerbaijan has issued 95 presidential decrees and executive orders and approved a number of long-term State Programs. In addition, the Cabinet of Ministers has adopted 357 resolutions and orders, while the Milli Majlis (National Assembly) has enacted 33 laws relating to the protection and welfare of internally displaced persons.⁵

The first Law of the Republic of Azerbaijan "On the Status of Refugees and Internally Displaced Persons" was signed by the President of the Republic of Azerbaijan, Abulfaz Elchibey, on 29 September 1992.⁶ The Law established the legal status of refugees and internally displaced persons (IDPs), guaranteed the protection of their rights and social welfare by state authorities, and introduced a wide range of support measures. These included assistance with employment and housing, exemption from the payment of rent and utility charges for a period of five years, the provision of targeted interest-free loans for up to ten years, free essential medicines for elderly persons, children, low-income families, and individuals who had lost the family breadwinner while residing in temporary accommodation, preferential access to essential consumer goods, entitlement to minimum pensions and social benefits even in the absence of complete documentation (subject to subsequent verification), placement of elderly pensioners living alone and persons with disabilities unable to work in specialized social care institutions, as well as tax and other statutory benefits.

The Law also stipulated that the protection of the rights of refugees and internally displaced persons, as well as the organization of their transportation, temporary accommodation, medical care, and other essential assistance, would be carried out by local executive authorities and the State Committee of the Republic of Azerbaijan for the Affairs of Persons Forcibly Displaced from Their Permanent Places of Residence, together with its regional offices.

The Law defines the concepts of "refugee" and "internally displaced person" as follows:

Article 1. Definitions of "Refugee" and "Internally Displaced Person"

³ <https://www.unhcr.org/media/1951-refugee-convention-and-1967-protocol-relating-status-refugees>

⁴ <https://sfdi.gov.az/mecburi-kockun-tarix>

⁵ <https://sfdi.gov.az/mecburi-kockun-tarix>

⁶ <https://e-qanun.az/framework/7750>

A refugee is a person who is not a citizen of the Republic of Azerbaijan and who, owing to a well-founded fear of persecution on the grounds of nationality, race, citizenship, religion, language, political opinion, or membership of a particular social group, or because of a real threat to his or her life, family, or property, is outside the country of his or her habitual residence and is unable or unwilling to avail himself or herself of the protection of that country.

An internally displaced person (IDP) is a citizen of the Republic of Azerbaijan who has been forced to leave his or her permanent place of residence and relocate elsewhere within the territory of Azerbaijan, or who has been compelled to leave his or her permanent place of residence in another country and return to Azerbaijan under the circumstances specified by the Law.⁷

On 21 May 1999, the President of the Republic of Azerbaijan, Heydar Aliyev, signed the Law of the Republic of Azerbaijan "On the Status of Refugees and Internally Displaced Persons (Internally Displaced Persons)".⁸ Together with the Law "On the Social Protection of Internally Displaced Persons and Persons Equated with Them," this legislation further refined the legal definitions of refugees and internally displaced persons (IDPs), clarified the procedures for acquiring and losing IDP status, and established measures aimed at improving their employment opportunities and housing conditions. The laws also provided for addressing the underlying causes of displacement, improving the material well-being and legal status of displaced persons, promoting cooperation with international organizations—particularly the Office of the United Nations High Commissioner for Refugees (UNHCR)—and establishing legal liability for violations of these provisions.

The Law "On the Status of Refugees and Internally Displaced Persons (Internally Displaced Persons)" defines the following terms:

Refugee – a person who is not a citizen of the Republic of Azerbaijan and who, owing to a well-founded fear of persecution on the grounds of race, nationality, religion, membership of a particular social group, or political opinion, remains outside the country of his or her nationality and is unable or unwilling, because of such fear, to avail himself or herself of the protection of that country. This definition also applies to a stateless person who, for the same reasons, remains outside the country of his or her former habitual residence and is unable or unwilling to return there because of such fear.

Internally Displaced Person (IDP) – a person who has been forced to leave his or her permanent place of residence and relocate elsewhere within the territory of the Republic of Azerbaijan as a result of military aggression, or a natural or technological disaster.

A citizen of the Republic of Azerbaijan who has been compelled to leave his or her permanent residence in another country for the reasons specified in the first paragraph of this Article and has arrived in Azerbaijan may also be granted the status of an internally displaced person by decision of the competent executive authority.

Furthermore, by Presidential Decree No. 895 of 17 September 1998, the President of the Republic of Azerbaijan approved the State Program for the Resolution of the Problems of Refugees and Internally Displaced Persons, establishing a comprehensive policy framework for addressing the humanitarian and socio-economic challenges faced by these groups.

⁷ <https://e-qanun.az/framework/7750>

⁸ <https://e-qanun.az/framework/7750>

A person who has been granted refugee or internally displaced person (IDP) status shall be entitled, in accordance with the procedure established by law, to the following guarantees and rights:

- the right to travel to temporary accommodation and transport personal property free of charge;
- the right for elderly persons, children, persons with disabilities, low-income individuals, and persons who have lost the family breadwinner to receive essential medicines and medical care in temporary accommodation facilities and hospitals, in accordance with the procedures established by the competent executive authority;
- the right to education;
- the right to purchase food products and consumer goods on the same terms as permanent residents of the respective localities;
- the right to receive one-time financial assistance and other forms of state support;
- priority placement of elderly persons living alone and persons with disabilities who are unable to work in specialized social care institutions;
- the right to obtain refugee or internally displaced person (IDP) status within the time limits established by this Law;
- the right to seek compensation for material and other damages incurred;
- the right to apply to the courts for the protection of violated rights;
- the right to return to their former place of residence;
- foreign nationals and stateless persons who have been granted refugee status in the Republic of Azerbaijan may leave the country and re-enter it without a visa on the basis of a Travel Document issued for travel outside the territory of the Republic of Azerbaijan;
- a person granted refugee status shall enjoy the rights and bear the obligations established under the legislation of the Republic of Azerbaijan for foreign nationals and stateless persons;
- until obtaining employment or permanent accommodation, but for no longer than three months, a person granted refugee status may voluntarily reside in a detention center for irregular migrants operated by the competent executive authority, in accordance with the procedures established by the Migration Code of the Republic of Azerbaijan.

1.2. Benefits and Privileges of Internally Displaced Persons

- In accordance with Paragraph 2 of the Decree No. 298 of the President of the Republic of Azerbaijan dated 1 July 2004 on the approval of the "State Program on Improving the Living Conditions and Increasing Employment of Refugees and Internally Displaced Persons," the eviction of internally displaced persons from public buildings, apartments, land plots, and other facilities where they had been temporarily settled between 1992 and 1998, regardless of ownership type, shall be suspended until they return to their native lands or are relocated to new settlements and houses designated for temporary residence.
- According to Paragraph 3 of the same Presidential Decree No. 298 dated 1 July 2004, the heads of private enterprises, higher education institutions, and secondary specialized educational institutions were recommended to provide necessary assistance to refugees and internally displaced persons in matters related to employment opportunities and the granting of tuition fee benefits.
- Internally displaced persons and persons equated with them receive a unified monthly allowance instead of food allowances and utility service benefits.
- Internally displaced persons actually residing in densely populated temporary settlements receive a unified monthly allowance of 33 Azerbaijani manats per month, while those residing in other settlements receive 60 Azerbaijani manats per month.
- At the same time, utility expenses (electricity, natural gas, water supply, and household waste disposal) consumed by internally displaced persons temporarily residing in densely populated settlements are covered by the state.

- In accordance with Presidential Decree No. 1308 dated 4 August 2003,⁹ internally displaced persons studying on a paid basis at state higher education institutions and secondary specialized educational institutions are exempt from paying tuition fees. In accordance with the Presidential Decree dated 14 September 2011,¹⁰ starting from the 2011/2012 academic year, tuition fees for internally displaced persons newly admitted to bachelor's and master's degree programs at state higher education institutions and studying on a paid basis are covered from the state budget.
- Internally displaced students studying in general secondary schools are provided with textbooks free of charge.
- Internally displaced persons have a preferential right to remain employed during staff reductions and workforce restructuring in state institutions, enterprises, and organizations.
- They are provided, at the expense of the state budget, with medicines included in the list of pharmaceutical products issued on the basis of free medical prescriptions approved by the Ministry of Health of the Republic of Azerbaijan.
- They are provided with free medical examinations and treatment.
- They are exempt from fees for the issuance of identity documents.
- They are exempt from state fees when submitting claims to courts.
- The taxable monthly income received from salaried employment is reduced by 100 manats for tax purposes.¹¹
- They are exempt from notarial fees during the purchase and sale of apartments or houses.¹²

According to Clause 1.14 of the "List of Documents Required to Determine the Right of Individuals to Tax Benefits When Calculating Income Tax Deducted from Wages," approved by Resolution No. 4 of the Cabinet of Ministers of the Republic of Azerbaijan dated 4 January 2001, internally displaced persons and persons equated with them are identified on the basis of an internally displaced person certificate issued by the State Committee of the Republic of Azerbaijan for Refugees and Internally Displaced Persons

1.3. New Reforms in Azerbaijan's Housing and Social Protection Legislation: Establishment of a Permanent Resettlement Housing Fund in the Liberated Territories

On 3 June 2026, a joint meeting of the Labour and Social Policy Committee and the Human Rights Committee of the National Assembly of the Republic of Azerbaijan discussed proposed amendments to the *Housing Code*, the *Law on the Status of Refugees and Internally Displaced Persons (Persons Displaced Within the Country)*, and the *Law on the Social Protection of Internally Displaced Persons and Persons Equated to Them*. The purpose of these amendments is to redefine the legal status of internally displaced persons (IDPs) and to reform the special social support mechanisms applicable to them within the framework of the relevant legislation.

The principal proposed reforms include the following:

1. Establishment of a Permanent Resettlement Housing Fund in the Liberated Territories: One of the most significant proposed amendments to the *Housing Code* is the creation of this fund. Its primary objective is to provide residential properties to citizens through the transfer of ownership rights rather

⁹ <https://idp.gov.az/az/content/7/parent/21>

¹⁰ <https://president.az/az/articles/view/3089>

¹¹ Tax Code Article 102.5 <https://e-qanun.az/framework/46948>

¹² <https://e-qanun.az/framework/4574>

than on a rental basis. As a result, former internally displaced persons will obtain secure and permanent ownership of their new homes, thereby strengthening their long-term housing stability and legal security.

2. Clarification of the grounds for loss of status: The proposed amendment to the *Law on the Status of Refugees and Internally Displaced Persons* provides legal clarification regarding the circumstances under which a person loses their status as an internally displaced person (IDP). Specifically, it stipulates that a former IDP will lose this status if they are allocated a new residential property in a territory liberated from occupation to replace their previous place of residence, or if they voluntarily decline this opportunity offered by the state. The loss of IDP status is thus explicitly defined at the legislative level.

3. Continuation of social protection for a period of three years: The amendment to the *Law on the Social Protection of Internally Displaced Persons* clarifies the duration of social protection measures, providing that they will continue for a period of three years. For persons resettled before the law enters into force, this period will be calculated from the date of their relocation to the newly resettled territories. Furthermore, IDPs who had already been provided with housing in the new territories before the law entered into force will also be eligible to benefit from the legal entitlements introduced by the proposed amendments.

Through this legislative initiative, the Government of Azerbaijan aims to make the resettlement process under the Great Return Program more sustainable and legally secure, while at the same time ensuring the reliable protection of the property rights of former internally displaced persons.

A number of leading international organizations, including the United Nations High Commissioner for Refugees (UNHCR), highly commend the care and support provided to refugees and internally displaced persons in Azerbaijan and, in many instances, cite the country as a model in this field.¹³

2. Humanitarian Assistance from International Organizations and Donor Countries

Until the early 2000s, alongside the Government of Azerbaijan, international humanitarian organizations—particularly the United Nations High Commissioner for Refugees (UNHCR)—played a critical role in improving the living conditions of Azerbaijanis who had been displaced from their homes as a result of the First Karabakh War.

The UNHCR Representation in Azerbaijan operated in the country from December 1992 until 31 August 2025. During this period, the organization implemented various projects totaling approximately US\$112 million, of which US\$22 million was allocated to administrative expenses.

The primary focus of UNHCR's activities has been to provide shelter for refugees and internally displaced persons (IDPs), meet their basic needs—including food, non-food assistance, water supply, sanitation, and other essential services—and implement projects in the fields of education, healthcare, and related sectors. During the 1990s, the organization spent up to US\$8 million annually on its operations supporting internally displaced persons in Azerbaijan.

¹³ <https://mehriban-aliyeva.az/site/activitiesNews/846700?part=activities&spart=speeches>

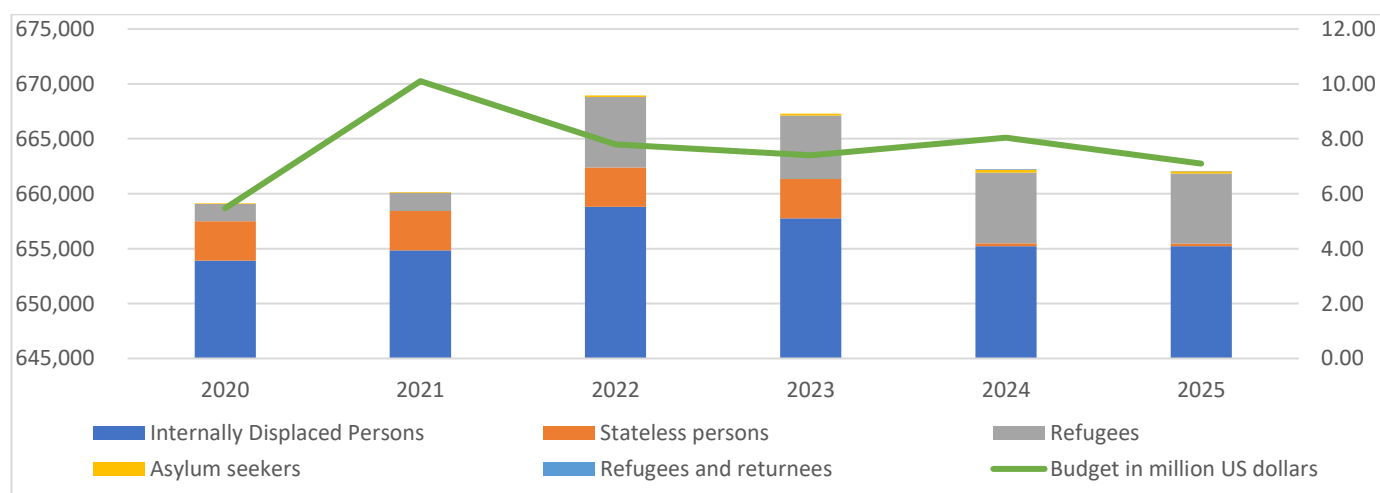
Since 2020, UNHCR has expanded its activities in Azerbaijan to include the provision of healthcare services for refugees and asylum seekers, cash assistance to vulnerable families to help meet their basic needs, support for secondary education, administration of scholarships funded by the Government of Germany for outstanding refugee students enrolled in higher education institutions, the organization of computer training and other educational activities for refugee and internally displaced youth, the provision of legal assistance to refugees and IDPs, and the implementation—either directly or through implementing partners—of projects aimed at combating domestic violence and promoting gender equality.

Table 1. UNHCR Azerbaijan Population and Financial Review 2020-2025

	2020	2021	2022	2023	2024	2025
Internally Displaced Persons, person	653 921	654 839	658 793	657 749	655 212	655 212
Stateless persons, person	3 585	3 585	3 585	3 585	271	241
Refugees, person	1 572	1 676	6 414	5 771	6 434	6 389
Asylum seekers, person	48	34	152	168	267	199
Refugees and returnees, person					71	13
Budget, million US dollars	5,47	10,10	7,80	7,40	8,04	7,10

Source: <https://www.unhcr.org/where-we-work/countries/azerbaijan?datase>

Figure 1. IDPs and their equivalents and financial overview of the UNHCR Azerbaijan Mission in 2020-2025



Source: <https://www.unhcr.org/where-we-work/countries/azerbaijan?datase>

According to data from the UNHCR Representation in Azerbaijan, the number of internally displaced persons (IDPs) remained high in 2025. Between 2020 and 2022, the number of IDPs increased by 4,872 persons (0.75%), while between 2023 and 2025 it decreased by 3,581 persons (0.55%). Since 2022, the IDP status of 581 individuals has been revoked.

United Nations (UN)

Between 1992 and 2015, United Nations agencies allocated more than US\$290 million to humanitarian and development projects in Azerbaijan. Of this amount, US\$115 million was provided through the United Nations World Food Programme (WFP) Representation in Azerbaijan, while US\$100 million was

channeled through the United Nations High Commissioner for Refugees (UNHCR) Representation in Azerbaijan specifically to support the social protection of refugees, internally displaced persons (IDPs), and individuals seeking refugee status. The remaining funds were utilized by other UN agencies to implement a wide range of humanitarian and development projects.

World Bank

Joint Initiatives of the Social Development Fund for Internally Displaced Persons (SDFIDP) and the World Bank to Improve Housing and Employment Conditions for IDPs

The Social Development Fund for Internally Displaced Persons (SDFIDP) was established by the Decree of the President of the Republic of Azerbaijan dated 6 December 1999. The Fund supports the development of infrastructure in areas where internally displaced persons are temporarily settled, improves housing and living conditions, facilitates job creation, and promotes the development of small businesses for internally displaced communities.

2001–2005 (First Project): Under a concessional loan of US\$10 million provided by the World Bank, with an additional US\$0.7 million contributed by the Government of Azerbaijan, US\$7 million was allocated to infrastructure rehabilitation and US\$2.1 million to microcredit programs. A total of 192 community microprojects were implemented across 30 cities and districts, benefiting up to 170,000 internally displaced persons (IDPs). In addition, loans were provided to 1,670 legal entities and 10,687 individuals.

2005 (Second Project): Under a new financing agreement with a total value of US\$12.6 million—including a US\$11.5 million World Bank loan and a US\$1.1 million contribution from the Government of Azerbaijan—168 microprojects were implemented. Approximately 110,000 people, 80% of whom were internally displaced persons, benefited from the project.

2008 (Additional Financing): Additional financing was approved for a project covering the 2009–2011 period, with a total budget of US\$24.19 million, comprising a US\$15 million World Bank loan and a US\$8.69 million contribution from the Government of Azerbaijan.

2011: The "Living Conditions and Livelihood Support Project for Internally Displaced Persons" was launched with a total budget of US\$78 million, including a US\$50 million World Bank loan and US\$28 million provided by the Government of Azerbaijan.

2016–2020: Within the framework of cooperation with the World Bank, the "Improving Living Standards and Livelihoods of Internally Displaced Persons Project", valued at US\$65 million, was implemented. The project was completed at the end of 2019.

Overall Results (over the last decade): A total of 550 community microprojects, with a combined value of AZN 32 million, were implemented, benefiting approximately 325,000 people, 83% of whom were internally displaced persons (IDPs). In addition, AZN 7.7 million in microcredits was provided to 10,800 IDPs, benefiting an estimated 50,000 people.

2019 (Youth Support Program): A program was launched to provide vocational training for 2,500 internally displaced youth. The initiative envisaged vocational training, certification, and the provision of equipment. During the first phase, 833 participants completed six months of vocational training, followed by three months of computer training, and received an additional 15-day course in Business Management. Training was offered in more than 40 occupations, and young participants whose business plans were approved received the necessary tools and equipment to start their businesses.

2022: Under the World Bank grant project entitled "Research, Analysis and Capacity Building for Recovery and Peacebuilding in Azerbaijan," the demographic and socio-economic conditions, as well as employment opportunities, of internally displaced persons were assessed across 22 cities and districts.

Republic of Korea

Cooperation between Azerbaijan and the Korea International Cooperation Agency (KOICA) began in 1994, when the Agency provided US\$50,000 in emergency assistance to Azerbaijan. Between 1996 and 2005, KOICA organized training programs for 65 participants, with a total value of approximately US\$300,000. In 2011, KOICA allocated approximately US\$10 million to development programs in Azerbaijan.

Table 2. Projects implemented by KOICA in Azerbaijan

"Integrated rural development in internally displaced communities in Azerbaijan" project with the reconstruction of the Kahriz water supply system	Beneficiary: State Committee on Refugees and Internally Displaced Persons Term: 2018-2022
Technical assistance (grant) project for building the capacity of teachers and establishing an Education Information System for the Ministry of Education of the Republic of Azerbaijan	Beneficiary: Ministry of Education of the Republic of Azerbaijan Term: 2017-2019

Source: <https://idp.gov.az/az/activity/18/parent/25>

"Integrated Rural Development for Internally Displaced Communities in Azerbaijan through the Rehabilitation of the Kahriz Water Supply System" Project

Implemented by the International Organization for Migration (IOM) with financial support from the Korea International Cooperation Agency (KOICA), this project improved access to safe and sustainable water supplies for more than 8,000 families through the rehabilitation of 40 kahriz (traditional underground water supply) systems. The project also contributed to the preparation of the Government of Azerbaijan's Kahriz Master Plan. Furthermore, it supported micro- and small-scale entrepreneurship by promoting income-generating activities among internally displaced persons (IDPs), with particular emphasis on empowering women entrepreneurs.

Federal Republic of Germany
German Agency for International Cooperation (GIZ)

Commissioned by the German Federal Ministry for Economic Cooperation and Development (BMZ), the German Agency for International Cooperation (GIZ) implemented the "Economic Participation of Settled Internally Displaced Persons and Vulnerable Population Groups in the South Caucasus" project in Georgia and the Republic of Azerbaijan, with a total budget of €6 million.

The project's primary objective was to create new income-generating opportunities for internally displaced persons through a range of targeted interventions. Activities were implemented under three main components:

1. Strengthening the institutional capacities of organizations engaged in activities related to internally displaced persons;
2. Providing individualized support to internally displaced persons to create new income-generating opportunities; and
3. Supporting small enterprises that were either directly managed by internally displaced persons or employed a workforce consisting predominantly of internally displaced persons.

Government of Japan

The Government of Japan provided various forms of assistance to refugees and internally displaced persons (IDPs) in Azerbaijan. In 1993, through the United Nations High Commissioner for Refugees (UNHCR), Japan provided blankets and tents worth US\$1 million. In 1996, within the framework of the United Nations World Food Programme (WFP), food products valued at US\$1 million were delivered. In 1998, food assistance worth 42 million yen was provided through the WFP, while in 2000, food supplies valued at 100 million yen were distributed.

In 2001, funding amounting to US\$40,000 was allocated through the US-based international humanitarian organization Relief International for the construction of educational facilities for internally displaced children. As part of this initiative, two Fuzuli schools were built in Beylagan, one Lachin school in Barda, and one school in Agdam. These schools were completed and commissioned for the 2002–2003 academic year. In 2002, a water purification facility worth US\$81,000 was installed at the Galagayin tent camp in the Sabirabad district.

Grant from the Japan Social Development Fund

Through a US\$2 million grant, 101 community microprojects were implemented in 25 new settlements. The project also resulted in the establishment of 14 sports facilities, 22 computer centers, 16 youth recreation centers, 13 household training and educational facilities, and one electronic library. In addition, 242 young internally displaced persons received vocational training.

Republic of Türkiye

Between 1992 and 2015, Türkiye provided assistance amounting to US\$18.226 million. The Turkish Red Crescent provided assistance worth US\$10.6 million between 1993 and 2001, including support for tent camps, food supplies, and medical assistance. The Youth Assistance Foundation and the Istanbul International Brotherhood Association provided assistance amounting to US\$6.487 million. In 2020, through the Turkish Cooperation and Coordination Agency (TİKA), 40 tons of food aid were delivered to frontline districts.

United States of America

Between 1992 and 2022, the total assistance provided by the United States amounted to US\$125 million. The main areas of support included housing construction, education, healthcare, economic reintegration, and community development programs.

Other Countries

Countries such as Norway, Switzerland, and the United Kingdom are also among the key donor states providing assistance to internally displaced persons through their government programs and funds, as well as financing specific projects.

Between 1993 and 2018, a total of AZN 1.4 billion in international financial resources and funds provided by international humanitarian organizations operating in Azerbaijan were allocated toward addressing the social problems of refugees and internally displaced persons.

Social Investments by BP and Its Partners

BP has been operating in Azerbaijan for 33 years, managing major oil and gas exploration, development, and transportation projects in a safe, efficient, and reliable manner. To date, BP, together with its partners, has invested more than US\$87 billion in the projects it operates in the country.

The social investments of the company and its partners cover areas such as the development of local capacities, education, community development, local enterprises, environmental protection, sports development, as well as the research and promotion of Azerbaijan's rich cultural heritage. Overall, since the beginning of its operations, BP, together with its partners in the joint ventures operated by BP in Azerbaijan, has spent approximately US\$111 million on social investment projects in the country.

In 2025, BP, on behalf of its partners in the joint ventures operating in Azerbaijan, successfully completed a project funded by the company and implemented by the Public Union "Center for Economic and Social Development" (CESD). The project aimed to provide internally displaced persons (IDPs) from Karabakh with vocational skills and increase their opportunities to generate income after returning to their homes following the 30-year occupation period.

Within the framework of this project, 25 internally displaced women temporarily residing in the Kurdamir district received training to become certified tailors and makeup specialists. In the current year, BP and CESD continued this initiative by implementing a follow-up project aimed at increasing income-generation opportunities for 60 internally displaced persons. In addition to vocational training, participants in both the previous and current years received training in business management and development methods.

3. SOCIAL INTEGRATION OF INTERNALLY DISPLACED PERSONS AND THE TRANSITION TO A NEW STAGE

The World Bank report entitled "Internally Displaced Persons in Azerbaijan: Livelihoods, Services and Intentions," published in April 2023, was based on a large-scale survey conducted among 2,000 internally displaced households.

Among the 2,000 surveyed households, the average household size was 3.8 persons. Of all household members, 23.6% were children under the age of 16, 6% were pensioners, and 3% were students enrolled in higher education institutions.

Regarding educational attainment, 73% of respondents identified secondary education as their highest level of education, 10% had college or technical education, and 17% had higher education. The proportion of respondents with higher education was comparable to the national average.

The living conditions of survey participants according to their type of housing are presented in Table 3.

Table 3. Housing conditions of internally displaced persons, percentage

Apartment type	Percentage
Apartment (multi-apartment building)	68.05
Private house	17.9
Dormitory	9.1
Temporary housing	4.95

Source: www.worldbank.org

As indicated by the above data, 80% of internally displaced persons (IDPs) live in housing provided by the government. This is a key indicator of their high level of dependence on state support.

Table 4. Housing conditions of internally displaced persons by origin, percentage

	Participants	apartment	Dormitory	private house	temporary residence	TOTAL
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Agdam	number	519	1	32	0	552
	percentage	94%	0,2%	5,8%	0	100%
Fuzuli	number	174	36	106	30	346
	percentage	50,3%	10,4%	30,6%	8,7%	100%
Gubadli	number	86	10	5	33	134
	percentage	64,2%	7,5%	3,7%	24,6%	100%
Cabrail	number	180	15	29	34	258
	percentage	69,8%	5,8%	11,2%	13,2%	100 %
Kalbajar	number	165	32	68	0	265
	percentage	62,3%	12,0%	25,7%	0,0%	100%
Lachin	number	162	23	97	2	284
	percentage	57%	8,1%	34,2%	0,7%	100%
Zangilan	number	75	65	21	0	161
	percentage	46,6%	40,4%	13%	0,0%	100%
TOTAL	number	1361	182	358	99	2000
	percentage	68,05%	9,1%	17,9%	4,95%	100%

Source: www.worldbank.org

Among the survey participants, 27.6% were residents of Agdam, 17.3% of Fuzuli, 6.7% of Gubadli, 12.9% of Jabrayil, 13.25% of Kalbajar, 14.2% of Lachin, and 8.05% of Zangilan. Up to 87% of internally displaced persons (IDPs) live in free housing, and many of them face difficulties in covering their housing-related expenses. The overwhelming majority of respondents currently reside in housing provided by the Government of Azerbaijan (80%), while another 7% live in housing provided free of charge or subsidized by another organization. The remaining 12.7% own their own homes.

Internally displaced families have been under the special attention and care of the state for many years. For nearly 30 years, the government has continuously ensured the social protection of internally displaced persons. Consistent and targeted measures have been implemented by the state to address the social and other challenges faced by IDPs; a legal framework has been established, and social protection measures covering various areas have been carried out.

To address the social problems of internally displaced persons, between 2004 and 2019, the President of the Republic of Azerbaijan, Ilham Aliyev, signed 75 decrees and orders. During the same period, the Cabinet of Ministers of the Republic of Azerbaijan adopted 224 decisions and orders, while the Milli Majlis (Parliament) of the Republic of Azerbaijan adopted 11 laws. The State Program on Improving the Living Conditions and Increasing Employment of Refugees and Internally Displaced Persons, approved by the Order No. 298 of the President of the Republic of Azerbaijan dated 1 July 2004, was adopted.

This Program established a roadmap for large-scale reconstruction efforts planned for subsequent years. Within its framework, 121 new settlements and residential complexes were constructed and provided for the use of internally displaced persons in order to improve their housing and living conditions.

Of the 12 tent camps that previously existed in Azerbaijan, the following were closed:

- In 2003, five tent camps located in the Bilasuvar district, where 4,581 families comprising 18,822 people were residing, were eliminated.
- In 2006, three tent camps in the Barda district, housing 3,001 families comprising 11,663 people, were closed. In the same year, one tent camp in the Agjabadi district, where 792 families comprising 3,030 people lived, was also eliminated.
- In 2007, two tent camps in the Saatli district, housing 3,110 families comprising 11,133 people, were closed. In the same year, one tent camp in the Sabirabad district, where 1,914 families comprising 8,523 people resided, was also eliminated.

Table 4. Elimination of tent camps in regions where internally displaced persons temporarily settled

No	Regions where internally displaced persons temporarily settled	family	Person	Note
1	Bilasuvar district			According to the relevant decrees of the President of the Republic of Azerbaijan, new settlements were built and tent camps were abolished in 2003.
	Tent camp No. 1	881	3729	
	Tent camp No. 2	876	3787	
	Tent camp No. 3	892	3730	
	Tent camp No. 4	928	3688	
	Tent camp No. 5	1004	3888	
	Total:	4581	18822	
2	Barda district			According to the relevant order of the President of the Republic of Azerbaijan, new settlements were built and tent camps were abolished in 2006.
	Tent camp No. 1	763	2935	
	Tent camp No. 2	751	3066	
	"Turkish Golden Moon" tent camp	1487	5662	
3	Agjabadi district			
	"Turkish Golden Moon" tent camp	792	3030	
	Total:	792	3030	
4	Sabirabad district			
	"Qalaqayin" tent camp	1914	8523	
5	Saatly district			In accordance with the State Program, new settlements were built and the last tent camps in the republic were liquidated in December 2007.
	Tent camp No. 1	1072	3816	
	Tent camp No. 2	483	1747	
	Total:	1555	5570	
Final total:		3110	11133	

Source: State Committee for Refugees and Internally Displaced Persons of the Republic of Azerbaijan
<https://idp.gov.az/az/content/8/parent/21>

Thus, by 2007, all 12 tent camps that had existed across the country, as well as settlements consisting of residential railway wagons, were completely closed, and the housing conditions of nearly 14,000 families comprising approximately 40,000 people were improved. The last of the 16 temporary Finnish-type settlements was fully eliminated in 2016.

The housing and living conditions of more than 62,000 internally displaced families, representing over 300,000 internally displaced persons (IDPs), have been improved. For many years, the state has provided continuous support to internally displaced families through various social protection mechanisms, including educational and tax benefits, a unified monthly allowance, targeted social assistance, employment programs, medical and social rehabilitation services, and other forms of assistance. This policy continues to be implemented today.

In order to improve the housing and living conditions of internally displaced persons, 121 new settlements and residential complexes consisting of multi-storey buildings were constructed and commissioned. As a result, the housing conditions of more than 62,000 IDP families, or over 300,000 internally displaced persons, have been improved.

Between 1993 and 2018, a total of AZN 7.1 billion was allocated to address the social problems of refugees and internally displaced persons, including:

- AZN 3.4 billion from the state budget;
- AZN 2.3 billion from the State Oil Fund.

Between 2003 and 2018, 85% of the total funds spent, amounting to AZN 6.1 billion, was allocated specifically for improving the housing conditions of internally displaced persons.

In 2018 alone, 5,923 internally displaced families were relocated to new apartments. As a result, by that time, the housing conditions of 58,223 families, or nearly 300,000 refugees and internally displaced persons, had been improved. Of this total, 54,223 families, representing 272,000 people (93%), benefited from housing improvements during the period 2003–2018.

3.1. STRENGTHENING THE SOCIAL PROTECTION OF INTERNALLY DISPLACED PERSONS

2019–2025

In 2019, from the housing and utilities section of the state budget, AZN 6.1 million was allocated to the State Committee for Refugee and Internally Displaced Persons Affairs of the Republic of Azerbaijan to cover expenses related to housing, household, and utility services provided to residents of settlements established for internally displaced persons.

The state covered the education expenses of more than 21,000 students belonging to preferential categories funded by the government, including persons with internally displaced person (IDP) status and other eligible groups.

During the reporting period, AZN 11,364.3 million, or 98.3%, of expenditures from the State Oil Fund of the Republic of Azerbaijan was allocated to transfers envisaged in the state budget, while AZN 200.0 million, or 1.7%, was directed toward financing measures related to the social, living, and resettlement issues of refugees and internally displaced persons.¹⁴

In 2020, as one of the key directions of the socially oriented state policy, a total of AZN 765.6 million was allocated from the consolidated and state budgets of the Republic of Azerbaijan to strengthen the social protection of refugees and internally displaced persons (IDPs), improve their living conditions, and cover the costs of certain utility services used by them through state budget funds.

This amount included AZN 200.0 million from the State Oil Fund of the Republic of Azerbaijan, AZN 358.2 million from the social protection and social security section of the state budget, AZN 164.9 million from state capital investment expenditures, and AZN 42.5 million from reserve funds envisaged in the state budget. This represented an increase of AZN 271.3 million, or 54.9%, compared with 2019.

In 2021, AZN 354.4 million was allocated from the state budget for the social protection of refugees and internally displaced persons. This amount was AZN 10.1 million (2.8%) higher than the projected figure, but AZN 3.9 million (1.1%) lower compared with 2020. The main reason for the underutilization of allocated funds was that the planned construction works in the Sugovushan settlement of the Tartar district, a territory liberated from occupation, were considered inappropriate from a security perspective.

¹⁴ <https://e-qanun.az/framework/6261>

In 2022, tuition fees were paid for 12,799 former internally displaced persons (IDPs) studying on a fee-paying basis. A total of AZN 364.9 million was allocated from the 2022 state budget for the social protection of former refugees and internally displaced persons, which was AZN 10.5 million (3.0%) higher than in 2021.

In 2023, tuition fees were covered for 16,841 students with former internally displaced person status who were studying on a fee-paying basis. During the reporting year, AZN 353.9 million was allocated from the 2023 state budget for the social protection of former refugees and internally displaced persons.

In 2024, AZN 329.2 million was allocated to ensure the financial support of social protection measures for former internally displaced persons. During the same period, tuition fees were paid for 12,528 students with former internally displaced person status who were receiving education on a fee-paying basis.

Table 5. Financial provision of social protection of internally displaced persons from the state budget in 2025-2026, million manats

	2025	2026
Payment of uniform monthly benefits to internally displaced persons	252	280,1
Covering utility costs for internally displaced persons	17,5	19,3
Expenses for other events	15,5	11,8

Source: From the report on the activities of the National Assembly of the Republic of Azerbaijan in 2025

In 2025, AZN 252.0 million was allocated from the State Budget of the Republic of Azerbaijan to finance social protection measures for former internally displaced persons (IDPs). For 2026, the State Budget earmarks AZN 280.1 million for this purpose, representing an increase of 11.15% compared with the previous year.

Table 6. Number of internally displaced persons receiving a single benefit in 2025

	2025
Number of recipients of single benefits, thousand people	387,3
of which: 33 manats, thousand people	44,8
Number of people who received 60 manats, thousand people	342,5

Source: From the report on the activities of the National Assembly of the Republic of Azerbaijan in 2025

In 2025, a total of 387.3 thousand internally displaced persons (IDPs) were provided with a unified monthly allowance from the state budget. Of this number, 44.8 thousand people, or 11.6%, received a monthly allowance of AZN 33, while 342.5 thousand people, or 88.4%, received a monthly allowance of AZN 60.

The state social protection system is not based solely on a single status; rather, it consists of a multi-level support mechanism. This system includes targeted social assistance, employment programs, housing provision, education and healthcare support, rehabilitation, and social integration programs.

In accordance with the First State Program on the Great Return to the Liberated Territories of the Republic of Azerbaijan, AZN 41.9 million has been projected from the 2026 state budget for the implementation of measures aimed at organizing reintegration activities to help the population adapt to new living conditions and facilitate the relocation of families to newly constructed homes.

Within the framework of this Program, AZN 5 million has been allocated to subsidize, from the state budget, mandatory state social insurance contributions paid by non-state sector employers (insured persons) operating in the liberated territories and not engaged in oil and gas activities.

In addition, AZN 2 million has been allocated to provide financial assistance to entrepreneurs engaged in production activities in the liberated territories. This assistance will cover 20% of the amounts paid by entrepreneurs for monthly consumed utility services, including electricity, natural gas, water supply, and wastewater disposal services, in accordance with applicable tariffs.

A total of AZN 3.5 billion will be allocated from the state budget for the restoration, reconstruction, and implementation of other measures in the liberated territories of the Republic of Azerbaijan during the current year.

3.2. The Role of the State Oil Fund of the Republic of Azerbaijan (SOFAZ) in Improving the Social and Living Conditions of Refugees and Internally Displaced Persons

The State Oil Fund of the Republic of Azerbaijan (SOFAZ) was established by Decree No. 240 of the President of the Republic of Azerbaijan dated 29 December 1999.

Since the early 2000s, the Government of Azerbaijan has become more actively involved in improving the living conditions of internally displaced persons through significant oil revenues. A large-scale housing construction program financed through the State Oil Fund of the Republic of Azerbaijan (SOFAZ) was implemented for this purpose.

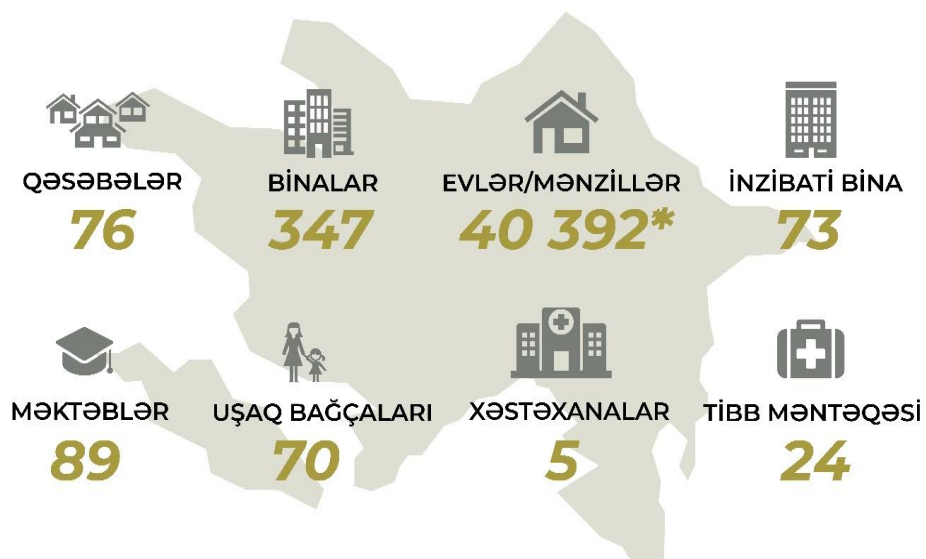
Beginning in 2001, the State Oil Fund of the Republic of Azerbaijan has allocated financial resources for measures aimed at the resettlement of refugee and internally displaced families who were forced to leave their homes as a result of the Armenia–Azerbaijan Nagorno-Karabakh conflict, as well as for improving their social and living conditions.

During this period, with funding from the State Oil Fund, the construction of multi-storey residential buildings, individual houses, social and cultural facilities, infrastructure projects, and other facilities for refugees and internally displaced persons was carried out in the following locations:

Agdam, Fuzuli, Bilasuvar, Goranboy, Sabirabad, Agjabadi, Beylagan, Gabala, Shamkir, Agstafa, Ismayilli, Imishli, Goygol, Barda, Oghuz, Shaki, Gadabay, Saatli, Hajigabul, Balakan, Gazakh, Zagatala, Tartar, Goychay, Ujar, Kurdamir, and Samukh districts; the Nakhchivan Autonomous Republic; the cities of Baku, Ganja, Mingachevir, Sumgayit, Yevlakh, and Shirvan; as well as the Pirallahi, Sabunchu, Absheron, and Binagadi districts of Baku. Construction activities were also carried out in the settlements of Mehdiabad, Ramana, Mushvigabad, Masazir, Pirshagi, Fatmayi, Kurdakhani, and Umid.

Overall, according to information available as of 31 March 2026, the State Oil Fund of the Republic of Azerbaijan (SOFAZ) has allocated AZN 2,702.7 million for these purposes, and this support continues to be provided.

Figure 1. Information on houses, socio-cultural and infrastructure facilities completed in settlements built by SOFAZ in accordance with the implementation of relevant Decrees and Orders of the President of the Republic of Azerbaijan as of 31.03.2021



Source: SOFAZ <https://www.oilfund.az/report-and-statistics/recent-figures>

Table 7. Information on houses, socio-cultural and infrastructure facilities completed in settlements built in accordance with the implementation of relevant Decrees and Orders of the President of the Republic of Azerbaijan as of 31.03.2021

Legislative acts	Unit of measurement	No	No	No	No	No	No	No	No	Total
		562,700	577,700	80	298	2475	1346	687	57	
Executors		ABY A	MKSİ F	MKS İF	MKS İF	MKSİ F	MKSİ F	MKS İF	MKS İF	
Settlements	number	10	14	13	13	22	3	1		76
Neighborhoods	number					5	17		3	25**
Buildings	number	1				68	266		12	347
Houses/apartments	number	2231	3 860	3 860	4 179	11,109	13,403	490	835	40,392*
Schools	number	6	12	15	7	26	19	1	3	89
Music schools	number	0	0	3		1	3	1		8
Kindergartens	number	6	12	5	11	20	16			70
Hospitals	number	1	1	1	1	1				5
Medical center	number	0	0	4		8	12			24
Outpatient clinic	number	0	0	1	4	6		1		12
Paramedic station	number	5	11	4	2	3				25
Community center	number	0	10	8	11	20	14	1		64
Fire station	number	1	3	1	2	6	1			14
İnzibati bina	number	4	10	10	11	24	13	1		73
Local government building	number						2			2
Communication hub	number	1	10	7	11	13	10	1		53
Veterinary station	number	0	0	3	3	2				8
Bath	number	3	14	12	2					31
Olympic sports complex	number	0	0		1					1
Artesian wells	number	3	37	124	12	52	11		6	245
Reservoirs	number	31	38	4	18	73	73	4	14	255
Pumping station	number	6	6	2	13	32	51	5	6	121
High voltage large and small transformers	number	41	87	164	115	273	95	11	15	806

Electricity semi-stations	numb er	1	5	5	3	9	8	1	3	35
Roads	km	66,0	136,0	132,0	150,8	246,5 52	83,49 2	17,0	4,79 4	836,6 08
Water line	km	63,0	100,0	131,0	111,7	372,3 57	224,0 39	24,0	11,6 55	1043,8 45
Power lines	km	141,0	213,0	212,0	227,7	667,2 24	405,8 96	20,0	22,6 13	1909,3 93
Gas line	km					377,9 33	145,6 90	27,0	10,4 34	561,0 57
Sewerage	km					14,402 0	76,71 0	25,0	3,94 6	120,0 58
Irrigation system	ha	1630	3888	250	4105	1357,9	8	80		11310 9

Source: SOFAZ <https://www.oilfund.az/projects/2>

In accordance with the implementation of the relevant Decrees and Orders of the President of the Republic of Azerbaijan, the State Oil Fund of the Republic of Azerbaijan (SOFAZ) has financed not only the construction of housing and residential buildings, kindergartens and schools, hospitals and medical facilities, but also the implementation of critical infrastructure projects, including artesian wells, water reservoirs, pumping stations, transformers of various capacities, electrical substations, and other infrastructure facilities.

*This includes the completion of the construction of 320 unfinished houses (Decree No. 562) and the construction of 100 houses in the territory of the Nakhchivan Autonomous Republic (Decree No. 132).

**In the Gabala district, one residential area was additionally developed, including one 40-apartment building registered under Decree No. 57, one 40-apartment building constructed under Order No. 2475, as well as one 80-apartment building and one 75-apartment building constructed under Order No. 1346.

3.3. Settlement of Internally Displaced Persons in the Regions and Their Social and Housing Conditions

The activities carried out by the Social Development Fund for Internally Displaced Persons (SDFIDP) in various districts and cities provide a comprehensive overview of newly established settlements for internally displaced persons, their demographic structure, and the existing social and engineering infrastructure.

In particular, Table 6 presents the scale of state-funded projects implemented in various cities and districts of Azerbaijan aimed at improving the social and living conditions of internally displaced persons.

Table 8. Information on the work carried out in settlements and neighborhoods built in the main cities and regions where internally displaced persons are located in order to improve their living conditions in accordance with the implementation of relevant Decrees and Orders of the President of the Republic of Azerbaijan

	Baku	Ganja	Mingache vii	Absheron	Yevlakh	Sheki	Barda	Agdam	Beylagan	Goranboy	Imishli	Bilasuvur	Agjabadi	Fuzuli
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Number of settlements, pcs.	5	1	2	1	1	1	2	17	1	6	1	11	4	9
Area, hectares	130,8	25	89	12	10	100	148	794,36	100	481	100	834	138,06	626,7
Family size	2935	1500	916	760	615	423	1065	5047	500	1786	500	4418	1170	2904
Number of people settled, people	12620	6450	3939	3268	2645	1819	4579	21702	2150	7679	2150	18990	5032	12487
Living area, sq m	202286	115280	3347	53200	45360	22993	76504	252906	25900	103838	29665	252560	76144	154000
Olympic sports complex, units								1						
School, number	5	1	1	1	1	1	2	17	1	6	1	11	4	9
Kindergarten, number	1	1	1	1	1	1	2	10	1	3	1	11	2	7
Medical station, number	2	1		1			2	10		2	1	11	3	8
Club-community center, number	2	1		1	1	1	2	11	1	2	1	11	2	7
Administrative building, number	2	1	1	1	1	1	2	11	1	6	1	11	2	9
Music school, number	1							3		1				
Communication house, pcs.	1	1				1	2	6	1	2		11	1	9
Bathroom, pieces								15					2	
Fire extinguisher depot, pcs.	1	1						1	1	2		3	1	3
Artesian well, pcs.		3			4			135	6	16	2	16	9	1
Hospital, number							2	1	1	8		1		
Veterinary station, number								3	1	1		1	1	1
Water tank, pcs.	14	8	2	4	2	4	6	20	2	16	2	19	5	27
Pumping station, pcs.	8	3	1	2	2		4	1	1	2	1	7	2	8

Road, km	22,1 67	8,63	6,1 1	2,94 5	2,10 4	13,2 1	15,5 6	175, 91	24,8 4	53,1 13	10,9 2	145	23,4 57	97,1
Main water line, km	38,7 34	5,1	8,1 9	4,58 9	4,21	23,7 9	16,3 2	167, 79	29,5 4	69,2 6	18,6 3	140	32,7 05	153, 24
High voltage transformer station, pcs.	1	1	1		1	1	1	2	2	6	1	6	1	2
Overhead power line, km	54,2 9	29,4 7	15,5 94	29,2 9	9,8	26,8 2	39,4 8	272, 49	34,4 6	161, 79	31,0 61	230	119, 26	121, 73
Various power transformers, pcs.	15	8	5	4	16	15	8	193	16	36	18	102	22	77

Source: Prepared by CESD based on MKSIF data. <https://sfdi.gov.az/options-content>

Based on the data in the table, the settlements can be classified as urban, mixed, or rural by examining the figures in the first four rows of the table. According to population density, the districts and cities can be grouped into three main categories:

- High-density areas (Urban-type settlements): Absheron has 63.3 households or 272.3 people per hectare, Yevlakh has 64.5 households or 264.5 people per hectare, and Ganja has 60 households or 258 people per hectare, representing the highest population densities. This indicates that these settlements are located within highly compact areas and are characterized by intensive residential development with multi-story apartment buildings, typical of urban-type settlements.
- Medium-density areas (Urban and mixed-type settlements): Baku has 22.4 households or 96.5 people per hectare, while Mingachevir has 10.3 households or 44.3 people per hectare. These settlements typically feature a combination of multi-story apartment buildings and detached houses with private yards.
- Low-density areas (Rural-type settlements): Goranboy has 3.7 households or 16 people per hectare, Sheki 4.2 households or 18.2 people per hectare, Fuzuli 4.6 households or 20 people per hectare, Imishli and Beylagan 5 households or 21.5 people per hectare, Bilasuvar 5.3 households or 22.8 people per hectare, Aghdam 6.4 households or 27.3 people per hectare, and Barda 7.2 households or 31 people per hectare. These figures reflect the presence of spacious residential plots and agricultural land, which are characteristic of rural-type settlements.

Among the largest resettlement centers, Aghdam (17 settlements, 5,047 households, and 21,702 residents) and Bilasuvar (11 settlements, 4,418 households, and 18,990 residents) are by far the leading locations in terms of project scale. Fuzuli (2,904 households) and Baku (2,935 households) are also among the principal centers accommodating large numbers of displaced families.

The distribution of facilities supporting the quality of life within these residential settlements generally follows a direct proportional relationship with population size, while also reflecting certain regional characteristics. In terms of healthcare and education infrastructure, Aghdam (17 schools, 10 kindergartens, and 10 healthcare centers) and Bilasuvar (11 schools, 11 kindergartens, and 11 healthcare centers) possess the largest social infrastructure networks, corresponding to their population size. In practice, nearly every settlement is provided with at least one school and one healthcare center, ensuring a basic level of public service coverage.

Among engineering and utility infrastructure, water supply systems exhibit significant regional variation due to geographical and climatic conditions. Aghdam, with 135 artesian wells, ranks first by a considerable margin, indicating a very high dependence on groundwater resources and the development

of an extensive irrigation and potable water supply network. Bilasuvar and Goranboy also have relatively substantial groundwater infrastructure, with 16 artesian wells each.

Fuzuli District stands out with 27 water reservoirs and 8 pumping stations. In contrast, despite its large number of artesian wells, Aghdam has only one pumping station, which may be explained by the direct pressure operation of its sub-artesian wells or the use of decentralized individual pumping systems.

The length of the internal and connecting roads in the newly established settlements reflects the spatial extent of the residential areas. Aghdam (175.9 km) and Bilasuvar (145 km) have by far the longest road networks in terms of both internal and inter-settlement roads. In contrast, the relatively short road networks in Yevlakh (2.1 km) and Absheron (2.9 km) indicate that these residential areas are compact, centrally planned, and urban in character.

To assess the improvement of living conditions for internally displaced persons (IDPs), the housing provision in the main cities and districts where they have been resettled is evaluated using the methodology based on the number of households and the resettled population presented in Table 6. First, the average household size is calculated by dividing the total number of resettled persons by the number of households. Subsequently, the total residential floor area is divided by both the number of households and the number of resettled persons to determine the average housing area per household and the average residential floor area available per person.

The calculations are based on the following formulas:

Average number of family members = Number of people settled / Number of families (1)

Area of apartment (house) per family in square meters = Living area / Number of families (2)

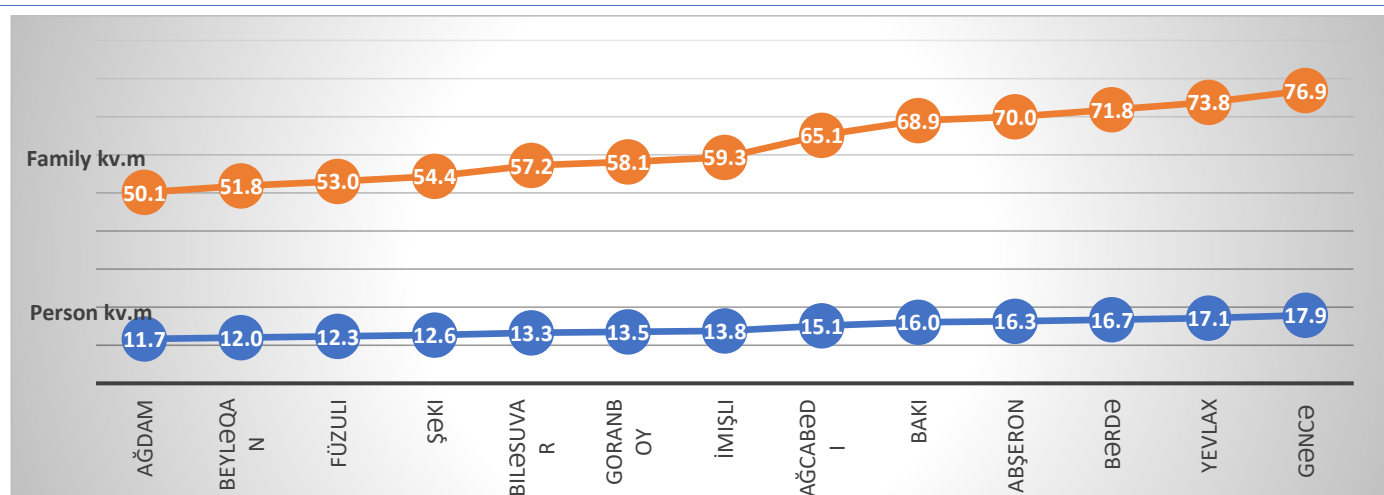
Square meters per person = Living area / Number of people living in the area (3)

Table 9. Housing area per family and family members, in square meters, in the main cities and regions where IDPs are located, in order to improve their living conditions

	Baku	Ganja	Absheron	Yevlakh	Sheki	Barda	Aghdam	Beylagan	Goranboy	Imishli	Bilasuvar	Agjabadi	Fuzuli
Person/family	4,3	4,3	4,3	4,3	4,3	4,3	4,3	4,3	4,3	4,3	4,3	4,3	4,3
Person/square meter	16,0	17,9	16,3	17,1	12,6	16,7	11,7	12,0	13,5	13,8	13,3	15,1	12,3
Price/square meter	68,9	76,9	70,0	73,8	54,4	71,8	50,1	51,8	58,1	59,3	57,2	65,1	53,0

Source: Prepared by CESD based on MKSIF data. <https://sfdi.gov.az/options-content>

Figure 2. Housing area per family and family members, in square meters, by main cities and regions where internally displaced persons are located



Source: Prepared by CESD based on MKSIF data. <https://sfdi.gov.az/options-content>

Based on the table above, the average floor area of the houses and apartments constructed for each household varies across the regions. The five regions with the largest average dwelling area per household are Ganja (76.9 m²), Yevlakh (73.8 m²), Barda (71.8 m²), Absheron (70.0 m²), and Baku (68.9 m²). In contrast, the smallest average dwelling areas are recorded in Aghdam (50.1 m²), Beylagan (51.8 m²), Fuzuli (53.0 m²), and Sheki (54.4 m²), where internally displaced persons (IDPs) have been resettled.

A noteworthy finding is that, across all regions, dividing the number of resettled persons by the number of households consistently yields an average household size of 4.3 persons (for example, Baku: 12,620 ÷ 2,935 = 4.3; Aghdam: 21,702 ÷ 5,047 = 4.3). This strongly suggests that a uniform household standard, based on an average family size of 4.3 persons, was applied during the planning and design of the housing projects.

On the other hand, this uniformity may also indicate that the demographic composition of internally displaced households was not examined in sufficient detail, and that actual variations in household size and structure were not fully taken into account during the planning process.

Table 10. Average size of households whose budgets were studied in the Karabakh and East Zangezur economic regions, people

Years	All households (persons)	All households (by urban area) (persons)	All households (by rural area) (persons)	Karabakh economic region (people)	East Zangezur Economic District (people)
2021	4,1	3,9	4,4	4,3	4,2
2022	4,2	4,1	4,4	4,4	4,3
2023	4,2	4,1	4,4	4,4	4,3
2024	4,2	4,1	4,3	4,4	4,2
2025	4,2	4,1	4,3	4,4	4,2

Source: Statistical Committee of the Republic of Azerbaijan
<https://www.azstat.gov.az/portal/tblInfo/TblInfoList.do#>

According to the report of the State Statistical Committee of the Republic of Azerbaijan, "Average Household Size of Surveyed Households by Economic Region (persons)," data for the Karabakh and East Zangezur Economic Regions have been available since 2006. As shown in Table 8, the average household size in the Karabakh Economic Region is consistently larger than that in the East Zangezur Economic Region. From the perspective of social equity, internally displaced persons (IDPs) originating from

Aghdam and Fuzuli, both located within the Karabakh Economic Region, should therefore have been provided with larger housing units offering greater residential floor space.

The findings demonstrate that the Government of Azerbaijan did not merely construct housing for internally displaced persons; rather, it established comprehensive and self-sufficient socio-economic ecosystems from the ground up, including schools, roads, energy infrastructure, and, in particular, extensive water supply networks. Nevertheless, certain shortcomings remain. Residents of these settlements are generally required to use the sports halls and football fields of local schools for both organized and individual sporting activities due to the absence of dedicated recreational facilities. It would therefore have been appropriate to construct stadiums, sports grounds, and indoor sports facilities designed in accordance with the geographical characteristics, architectural style, planning principles, and accessibility requirements of the newly established settlements. In addition, for religious communities, the construction of mosques, as well as dedicated buildings for wedding and funeral ceremonies, would have further enhanced the social infrastructure of these settlements.

Until 2020, the Government's policy toward internally displaced persons was characterized by an active social protection model. During this period, the principal policy measures included:

- Improving housing conditions by providing temporary accommodation through the construction of detached houses with private plots as well as multi-apartment residential buildings;
- Providing financial and social support by paying a monthly allowance of AZN 33 to IDPs residing in densely populated temporary settlements, while covering the costs of utility services (electricity, natural gas, water supply, and household waste collection) from the state budget. IDPs living in other types of accommodation received a monthly allowance of AZN 60. Additional support included exemptions from certain taxes and fees to improve their socio-economic well-being;
- Supporting employment opportunities by facilitating access to self-employment initiatives, vocational education and training, professional skills development programs, and by granting internally displaced persons preferential retention rights in the event of staff reductions within organizations.;
- Supporting the employment of internally displaced persons (IDPs) through the organization of job fairs and employment placement initiatives.

Overall, through funding allocated from the Presidential Reserve Fund, the State Oil Fund of the Republic of Azerbaijan (SOFAZ), and the State Capital Investment Program, a total of 78 fully serviced residential settlements and 25 residential complexes consisting of multi-story apartment buildings were constructed and made available to improve the housing and living conditions of internally displaced persons.

These projects included the construction of:

- 288 multi-story residential buildings;
- 37,397 apartments and individual houses;
- 86 schools;
- 7 music schools;
- 67 kindergartens;
- 5 hospitals;
- 23 healthcare centers;
- 12 outpatient clinics;
- 25 rural medical (feldsher-midwife) stations;
- 62 community and cultural centers;
- 14 fire stations;
- 71 administrative buildings;
- 2 local executive authority buildings;
- 53 telecommunications centers;
- 8 veterinary stations;
- 31 public bathhouses;

- 1 Olympic sports complex;
- 245 artesian wells;
- 255 water reservoirs;
- 121 pumping stations;
- 806 electrical transformers of various capacities;
- 35 electrical substations;
- 823 km of roads;
- 1,006 km of water supply pipelines;
- 1,838 km of electricity transmission lines;
- 541 km of natural gas pipelines;
- 105 km of sewerage networks; and
- 11,310 irrigation system facilities, together with numerous other infrastructure projects.

4. A New Paradigm after the 2020 War: The "Great Return" Program (2021–2026)

4.1. Conceptual Foundations of the "Great Return" Program

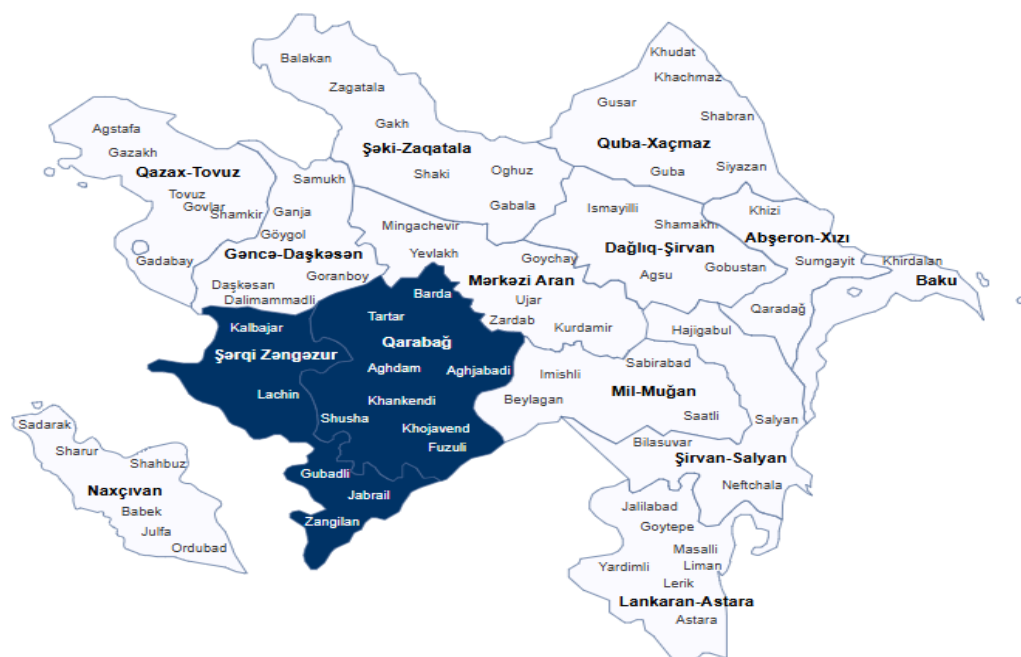
As a result of the 44-day Patriotic War, fought between September and November 2020, and the localized anti-terrorism measures conducted in September 2023, Azerbaijan regained control over all of its previously occupied territories. This created the necessary conditions for the return of internally displaced persons to their places of origin.

The rapid reconstruction of the liberated territories, the implementation of large-scale development projects, the establishment of a new regional economy, the resettlement of the population, the creation of new employment opportunities, and the resolution of labor market challenges have become key priorities of the Government's economic policy.

The reconstruction of post-conflict territories and their reintegration into the national economy constitute one of the principal priorities of the economic policy pursued by the President of the Republic of Azerbaijan, Ilham Aliyev. The adoption and large-scale implementation of the "Great Return" Program represent the cornerstone of this policy.

The overarching objective of the program is to reconstruct and repopulate the territories devastated by occupation in accordance with the highest international standards, while simultaneously creating new economic potential capable of contributing to Azerbaijan's long-term economic growth and sustainable regional development.

Figure 3. Administrative borders of Karabakh and East Zangezur economic regions



Source: State Committee for Urban Planning and Architecture of the Republic of Azerbaijan
<https://arxkom.gov.az/en/sehersalma/interaktiv-xerite>

The fundamental premise of the First State Program on the Great Return to the Liberated Territories of the Republic of Azerbaijan is that sustainable development and long-term employment in these territories can only be achieved through large-scale investment. Therefore, alongside the construction of new housing in the rebuilt towns and villages, the establishment of agricultural enterprises, agro-processing industries, and service-sector facilities must proceed simultaneously to ensure sustainable resettlement by providing returning internally displaced persons with stable employment opportunities.

The development of agricultural production, agro-processing enterprises, and service facilities that generate employment should be implemented within the framework of an integrated and comprehensive development strategy, ensuring that economic activities, infrastructure, and settlement planning are coordinated to support the long-term viability of the returning communities.

Table 11. Number of families and family members provided with housing at state expense in 2025,

By country, total	Number of families	Number of family members, people
	4 370	17 546
Karabakh economic region total	3 017	11 951
East Zangezur economic region total	984	4224

Source: Prepared based on data from the Statistical Committee of the Republic of Azerbaijan.

In 2025, a total of 4,370 households, comprising 17,546 individuals, were provided with housing financed by the state across Azerbaijan. Of the total number of beneficiary households, 69.0% (3,017 households) were resettled in the Karabakh Economic Region, while 22.5% (984 households) were accommodated in the East Zangezur Economic Region. In terms of population, 11,951 persons (68.1%) belonged to the Karabakh Economic Region, whereas 4,224 persons (24.08%) were residents of the East Zangezur Economic Region.

Pursuant to the Presidential Decree of President Ilham Aliyev dated 30 May 2025, work commenced on the preparation of the "Socio-Economic Development Strategy of the Republic of Azerbaijan for 2027–2030" and the Second State Program on the Great Return to the Liberated Territories of the Republic of Azerbaijan. The Decree emphasizes that the successful implementation of the First State Program has established a solid foundation for the country's social, economic, and institutional development.

The principal components of the "Great Return" Program include:

- Smart City and Smart Village Concept: Developing urban and rural settlements based on the most advanced digital technologies and innovative infrastructure solutions;
- Green Energy Zone: Ensuring the energy supply of the liberated territories through renewable energy sources and sustainable energy systems;
- Development of Industrial Parks: Establishing major industrial hubs, including the Aghdam Industrial Park and the Araz Valley Economic Zone Industrial Park;
- Transport and Logistics Infrastructure: Developing the Zangezur Corridor, together with new international airports and railway networks to improve regional connectivity and economic integration;
- Employment Policy: Implementing resettlement in accordance with the "Employment Before Resettlement" principle, whereby sustainable employment opportunities are created prior to the permanent return of the population.

Table 12. Number of internally displaced persons (IDPs) resettling in liberated territories by settlement as of July 9, 2026, in people

Districts and villages	Family	Person	Districts and villages	Family	Person
Aghdam	814	3001	Lachin		
Kangarli	290	1247	Lachin	614	2264
Sarijali	190	798	Baylik	89	363
Khidirli	654	2601	Zabukh	217	823
			Sus	59	215
Agdara					
Ashaghi Oratag	101	467	Fuzuli		
Vangli	145	576	Fuzuli	827	3153
Hasanriz	286	1133			
Kolatag	33	120	Khankendi		
Sugovushan	180	592	Khankendi	54	230
Talish	20	90	Karkijahan	43	174
Heyvali	46	205			
Chapar	40	143	Khocavand		
Childiran	41	165	Khocavand	393	1533
			Hadrut	82	347
Cabrail			Qırmızı Bazar	211	900
Cabrail	676	2931	Sos	85	360
Horovlu	316	1306	Khanoba	39	177
Shukurbayli	514	2254	Khocavand	73	302
Zangilan			Khocalı		
Zangilan	84	339	Khocalı	144	651
Aghali	234	1017	Badara	103	387
Mammadbayli	179	903	Balıca	246	1088
			Dashbulag	42	162

Kalbajar	162	681	Seyidbeyli	76	277
			New Bina	171	785
Shusha			Khanabad	101	439
Shusha	377	1411	Khanyurdu	140	510
The Great Galadari	17	78	Shushakand	116	436
Total	9324	37634			

Source: <https://t.me/s/MaidenTower>

The figures presented above do not include employees of public utilities, construction companies, healthcare institutions, or law enforcement agencies working in the liberated territories, nor do they include the students and academic staff of Karabakh University. Overall, it is estimated that approximately 90,000 people currently live, work, or study in Karabakh and East Zangezur. This raises questions about the feasibility of achieving the government's target of resettling approximately 140,000 internally displaced persons (IDPs) in the liberated territories by the end of the year.

Taking all sources of financing into account, the total volume of investments directed toward the liberated territories is estimated at nearly USD 17 billion.

Pursuant to Presidential Decree No. 3587 of 16 November 2022, approving the First State Program on the Great Return to the Liberated Territories of the Republic of Azerbaijan, and in implementation of Subparagraph 3.1.1 of the Program, a nationwide sociological survey was conducted during the reporting period 5 January–20 December 2023. The purpose of the survey was to prepare preliminary forecasts regarding the return of internally displaced persons during 2022–2026, covering 45,000 households.

The survey targeted internally displaced persons originating from the settlements scheduled for reconstruction during the initial phase of the program who were residing across 63 cities and districts of Azerbaijan, including those displaced from the districts of Aghdam, Fuzuli, Jabrayil, Gubadli, Zangilan, Lachin, Kalbajar, Shusha, Tartar, and Khojavand. In total, 28,818 households, comprising 105,170 individuals, participated in the survey, and the results were incorporated into the electronic information system of the State Committee for Affairs of Refugees and Internally Displaced Persons.

The survey findings showed that:

- 26,567 households (99,079 individuals) expressed a willingness to return to their places of origin;
- 812 households (2,508 individuals) stated that they did not wish to return for various reasons; and
- 1,440 households (3,583 individuals) remained undecided regarding their intention to return.

In addition, the Committee signed preliminary return agreements with 15,749 households, representing 59,177 internally displaced persons, who agreed to participate in the resettlement process. Conversely, 277 households, comprising 898 individuals, formally signed declarations indicating that they did not intend to return.

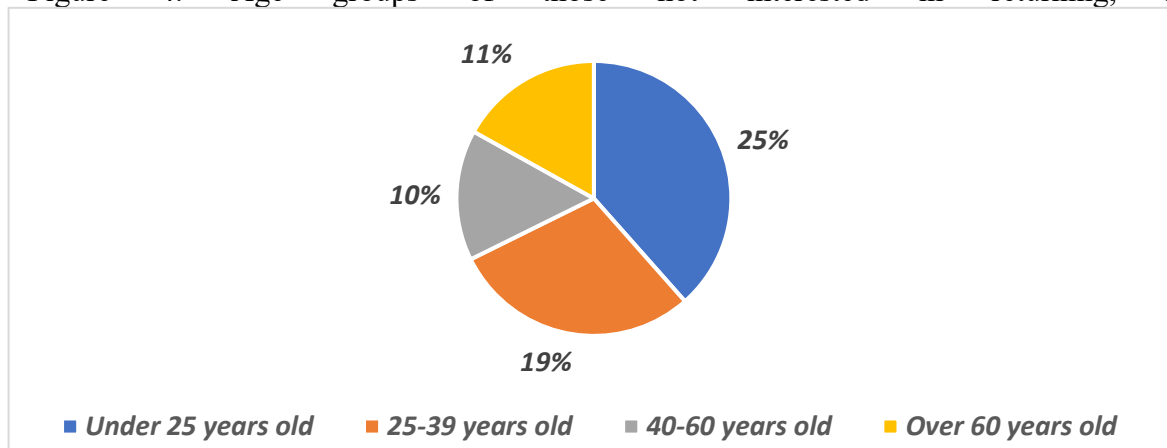
Table 13. Date of return request 05.01.2023-20.12.2023

	Participating families		Participants, people		Number of participants, in percent
	count	percentage	count	percentage	
Number of participants	28818	100	105170	100	100
Those who want to return	26567	92,2	99079	94,2	94,2
Those who don't want to return	812	2,8	2508	2,4	2,4
Uncertainties	1440	5,0	3583	3,4	3,4

Source: <https://idp.gov.az/az/law/142/parent/15>

Interest in return is influenced not only by broader factors such as the availability of livelihoods for internally displaced persons (IDPs), security, healthcare, education, and the level of development of other critical infrastructure, but also by age, education, occupational sector, and income level, according to surveys conducted by the World Bank. Young IDPs—most of whom were born after displacement—are significantly less interested in returning to their families' places of origin than their older family members (Figure 3).

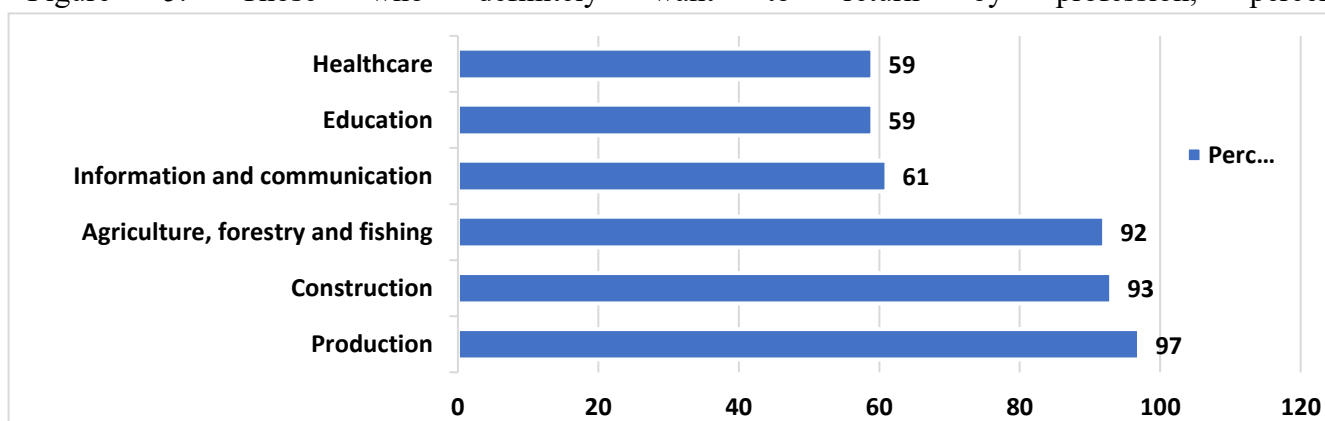
Figure 4. Age groups of those not interested in returning, in percentages



Source: www.worldbank.org

One quarter of people under the age of 25 and 19% of those aged 25–39 reported that they were not interested in permanently returning to their places of origin. By contrast, only 10% of respondents aged 40–60 and 11% of those over the age of 60 stated that they were not interested in returning. Conversely, 84% of respondents aged over 60 indicated that they would return as soon as possible, whereas only 65% of those under the age of 25 said that they would definitely return. Interest in return is determined not only by age but also by individuals' socioeconomic circumstances in their current place of residence.

Figure 5. Those who definitely want to return by profession, percentage



Source: www.worldbank.org

People employed in the education, healthcare, and information and communication technology (ICT) sectors show less interest in returning. While 59% of those working in the healthcare and social services sector and 61% of those employed in the ICT sector stated that they would definitely return, the corresponding figures were 97% for workers in manufacturing, 93% for those employed in construction, and 92% for those working in agriculture, forestry, and fisheries.

5. The Great Return – From Employment to Resettlement!

The "Great Return – From Employment to Resettlement!" is a strategic state program implemented to ensure the reconstruction of the liberated territories of the Republic of Azerbaijan and the permanent resettlement of formerly internally displaced persons (IDPs) in their native lands. The program identifies employment as the cornerstone of sustainable return to these territories.

Effective from 1 January 2023, specialists employed in Azerbaijan's liberated territories have been entitled to a one-time social allowance of 600 AZN to support their initial living conditions. In addition, the per capita funding allocated for vocational training programs in the liberated territories has been increased by 20% in order to encourage the provision of professional skills training.

In 2025, the data of more than 130,000 individuals were analyzed electronically. Meetings were held with families prior to their resettlement, their employment prospects were assessed, and individualized employment plans were developed. More than 14,000 individuals were interviewed and matched with potential employers. Overall, 6,169 unskilled individuals participated in training programs, of whom 3,128 received vocational training and 3,041 attended the International Labour Organization's "Start and Improve Your Business (SIYB)" training program.

Between 2020 and 2024, the size of Azerbaijan's labour force increased steadily by 4.37%, rising from approximately 5.1 million people in 2020 to 5.3 million in 2024. This growth can be attributed to the expansion of the labour market, increased economic activity, and the growth of the working-age population.

Table 14. Number of labor force by economic regions (end of year), people

Economic regions	2020	2021	2022	2023	2024
Republic of Azerbaijan	5 089 850	5 141 564	5 194 362	5 249 723	5 312 099
Karabakh economic region	355 965	359 603	364 332	369 198	377 155
East Zangezur economic region	136 949	139 415	140 832	142 506	145 148

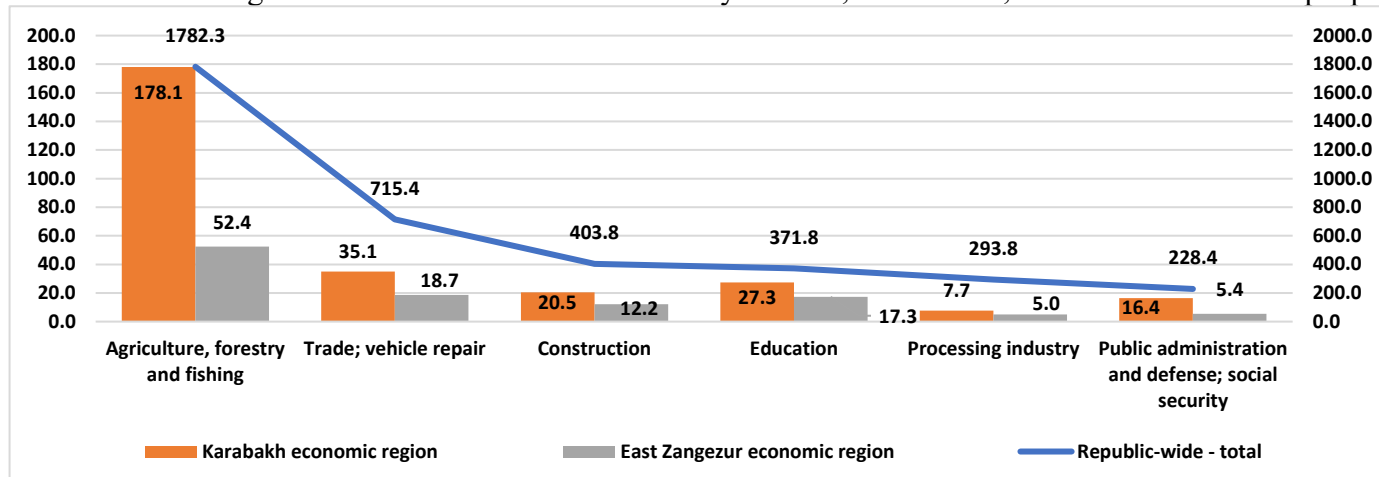
Source: AR Statistical Committee

The analysis shows that the labour force in both the Karabakh and East Zangezur economic regions exhibited a steady upward trend during the period 2020–2024. The fact that the growth rate exceeded the national average confirms the positive impact of government policies, infrastructure projects, investment programs, and the phased resettlement of the population on the labour market in these regions.

At the same time, ensuring that this increase in the labour force translates into sustainable employment in the coming years will require the establishment of new production facilities, the promotion of private investment, the expansion of vocational education and training programs, and the development of human capital in line with labour market demands. These measures will constitute one of the key drivers of sustained economic activity and employment growth in the regions.

In assessing the level of labour market development, the distribution of employment by economic activity and the dynamics of the unemployment rate are regarded as key indicators. Figure 4 illustrates the structural characteristics of the labour market in the Karabakh and East Zangezur economic regions and provides a basis for assessing the contribution of different sectors of economic activity to employment.

Figure 4. Number of people employed in 6 main economic activities in Karabakh and East Zangezur economic regions as of January 1, 2025, thousand people



Source: AR Statistical Committee

The sectoral composition of employment in both economic regions indicates that the labour market is primarily concentrated in agriculture, construction, trade, education, public administration, and transportation.

The largest share of the employed population in both the Karabakh and East Zangezur economic regions works in agriculture. Specifically, 178.1 thousand people (50.6%) are employed in agriculture in Karabakh, while 52.4 thousand people (39.0%) are employed in the sector in East Zangezur, making it the largest source of employment in both regions. The second largest employer is wholesale and retail trade, including the repair of motor vehicles (35.1 thousand and 18.7 thousand employees, respectively), followed by education (27.3 thousand and 17.3 thousand), construction (20.5 thousand and 12.2 thousand), and public administration and defence (16.4 thousand and 5.4 thousand).

These figures demonstrate that the agricultural sector continues to occupy a dominant position in the labour markets of both economic regions. This is one of the clearest indications that the structural transformation of the regional economy has not yet been fully completed.

The number of people employed in agriculture in the Karabakh and East Zangezur economic regions is approximately 23 and 14 times higher, respectively, than employment in the manufacturing sector, and 8.7 and 4.5 times higher, respectively, than employment in the construction sector.

These findings suggest that agriculture remains the principal source of employment and economic activity in the regions. The main reasons include:

- the extensive availability of agricultural land;
- the predominance of rural settlements;
- the population's traditional employment structure;
- government subsidies provided to the agricultural sector; and
- the designation of agricultural development as a strategic priority in the liberated territories.

However, since employment in advanced economies is predominantly concentrated in the services and high-technology sectors, the exceptionally large share of agricultural employment indicates that the level of economic diversification in these regions remains limited.

The construction sector employs 20.5 thousand people in the Karabakh economic region and 12.2 thousand people in the East Zangezur economic region. These figures are relatively high compared with many other regions of the country. This can largely be attributed to:

- the reconstruction of residential settlements;
- the construction of highways and road infrastructure; and
- the implementation of energy and public utility infrastructure projects.

The relatively high level of employment in the construction sector is largely temporary in nature. Once major infrastructure projects are completed, there will be a need to reallocate this workforce to other sectors of the economy. In this regard, the development of the manufacturing industry and the services sector is of strategic importance.

Only 7.7 thousand people are employed in the manufacturing sector in the Karabakh economic region, while the corresponding figure for the East Zangezur economic region is 5.0 thousand. These figures indicate that the industrial potential of the regions has not yet been fully developed. However, from the perspective of long-term economic development, key drivers such as:

- high productivity;
- export potential;
- higher wages; and
- innovation

are primarily generated within the manufacturing sector.

Therefore, expanding industrial parks represents one of the key priorities for improving the quality and sustainability of the regional labour market.

Employment in the information and communications sector remains limited, with only 1.7 thousand people employed in the Karabakh economic region and 0.5 thousand in the East Zangezur economic region.

Similarly, employment in the financial sector is below 2 thousand people in each of the two economic regions.

This employment structure indicates that the economies of these regions have not yet transitioned to a knowledge-based economy.

Although the national unemployment rate remained stable at approximately 5% during 2015–2019, an increase in unemployment was observed in both the Karabakh and East Zangezur economic regions during the same period (Table 14).

Table 14. Unemployment rate in Karabakh and East Zangezur economic regions, in percent

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Republic of Azerbaijan	5,0	5,0	5,0	4,9	5,0	7,2	6,0	5,6	5,5	5,3
Karabakh economic region	5,0	5,1	4,8	4,9	5,6	8,2	6,8	6,3	6,2	6,7
East Zangezur economic region	6,0	6,1	6,1	6,4	6,8	9,9	8,4	7,9	7,6	7,4

Source: Statistical Committee of the Republic of Azerbaijan

Specifically, during this period, the unemployment rate increased by 12% in the Karabakh economic region and by 11.3% in the East Zangezur economic region. In 2020, due to the COVID-19 pandemic, the unemployment rate rose to 7.2% nationwide, while it reached 8.2% in the Karabakh economic region and 9.9% in the East Zangezur economic region.

Beginning in the post-pandemic period, unemployment started to decline across the country during 2021–2024. In 2021, the national unemployment rate fell by 16.6% compared with 2020, decreasing to 6.0%. During the same period, unemployment declined by 17.1% in the Karabakh economic region and by 15.2% in the East Zangezur economic region, falling to 6.8% and 8.4%, respectively.

From 2021 onwards, unemployment declined rapidly against the backdrop of large-scale reconstruction activities and the implementation of the "Great Return" program. However, in 2024, the unemployment rate in the Karabakh economic region increased slightly to 6.7%. This modest rise can be explained by the fact that the pace of population resettlement into the region outstripped the local labour market's capacity to generate new employment opportunities.

In 2024, a total of 91,718 new jobs were created across Azerbaijan. In 2025, this number increased by 11.7%, or 10,787 additional jobs, reaching a total of 102,505 newly created jobs compared with the previous year (Table 15).

New jobs created in the Karabakh and East Zangezur economic regions accounted for 2.5% and 1.04%, respectively, of all new jobs created nationwide in 2024. In 2025, their shares were 2.3% and 0.8%, respectively.

Table 15. Number of newly created jobs by economic regions,

	2024	2025
For the Republic of Azerbaijan – total	91718	102505
Karabakh economic region – total	2266	2361
East Zangezur economic region – total	953	854

Source: Statistical Committee of the Republic of Azerbaijan

In 2025, the Karabakh economic region created 95 more new jobs than in 2024, representing an increase of 4.2%. This indicates that both economic recovery and population resettlement in the region continue to progress steadily. New enterprises and government-funded projects consistently generate more than 2,300 new job vacancies annually.

By contrast, the East Zangezur economic region created 99 fewer new jobs in 2025 than in the previous year, representing a 10.4% decline. This decrease does not imply that jobs were lost in the region; rather, it reflects a slowdown in the pace of new job creation. Considering the combined figures for the two years, a total of 1,807 new jobs were created in the region. Following the completion of the initial wave of large-scale infrastructure and construction projects, it is economically natural for job creation to transition to a more stable and sustainable phase.

To examine the employment outcomes of graduates from vocational and secondary specialized education institutions, the State Statistical Committee of the Republic of Azerbaijan conducted a sample survey using data provided by the Ministry of Education of the Republic of Azerbaijan on graduates of vocational and secondary specialized education institutions for the period 2021–2024. The sample was designed to cover every administrative district and city across the country. The survey results provide information on the employment status of graduates disaggregated by sex, age group, economic activity, and other characteristics, thereby enabling a statistical assessment of graduates' participation in the labour market.

Table 16. Distribution of graduates of vocational and secondary specialized education institutions by economic regions and administrative territorial units and gender, 2021-2024

Economic and administrative regions	Workforce		including:				Those not in the labor force	
			Busy		Unemployed			
	Total	women from them	Total	women from them	Total	women from them	Total	women from them
Total	99480	42206	87829	36610	11651	5596	17002	9778
Karabakh economic region	8229	3467	7291	2980	938	487	1436	778
East Zangezur economic region	2608	1087	2318	970	290	117	426	256

Source: Statistical Committee of the Republic of Azerbaijan

During the period 2021–2024, the labour force comprising graduates of vocational and secondary specialized education institutions in the Karabakh economic region totaled 8,229 individuals. Of these, 7,291 graduates (88.6%) were employed, while 938 graduates (11.4%) were unemployed.

Women accounted for 42.1% of the region's labour force, 40.9% of employed graduates, 52.0% of unemployed graduates, and 54.2% of those outside the labour force.

In the East Zangezur economic region, the labour force of graduates from vocational and secondary specialized education institutions totaled 2,608 individuals. Of these, 2,318 graduates (88.8%) were employed. Women represented 41.0% of the labour force, 41.8% of employed graduates, and 60.1% of those outside the labour force.

Table 17. Distribution of graduates of vocational and secondary specialized education institutions by economic regions and administrative territorial units, 2021-2024

Economic and administrative regions	Labor force, people	including:		Economic activity level, in percent	Employment rate, in percent	Unemployment level, percentage
		Busy	Unemployed			
Total	99480	87829	11651	85.4	75.4	11.7
Karabakh economic region	8229	7291	938	85.1	75.4	11.4
East Zangezur economic region	2608	2318	290	86.0	76.4	11.1

Source: Statistical Committee of the Republic of Azerbaijan

During the period 2021–2024, graduates of vocational and secondary specialized education institutions in the Karabakh economic region recorded a labour force participation rate of 85.1%, an employment rate of 75.4%, and an unemployment rate of 11.4%. During the same period, graduates in the East Zangezur economic region recorded a labour force participation rate of 86.0%, an employment rate of 76.4%, and an unemployment rate of 11.1%.

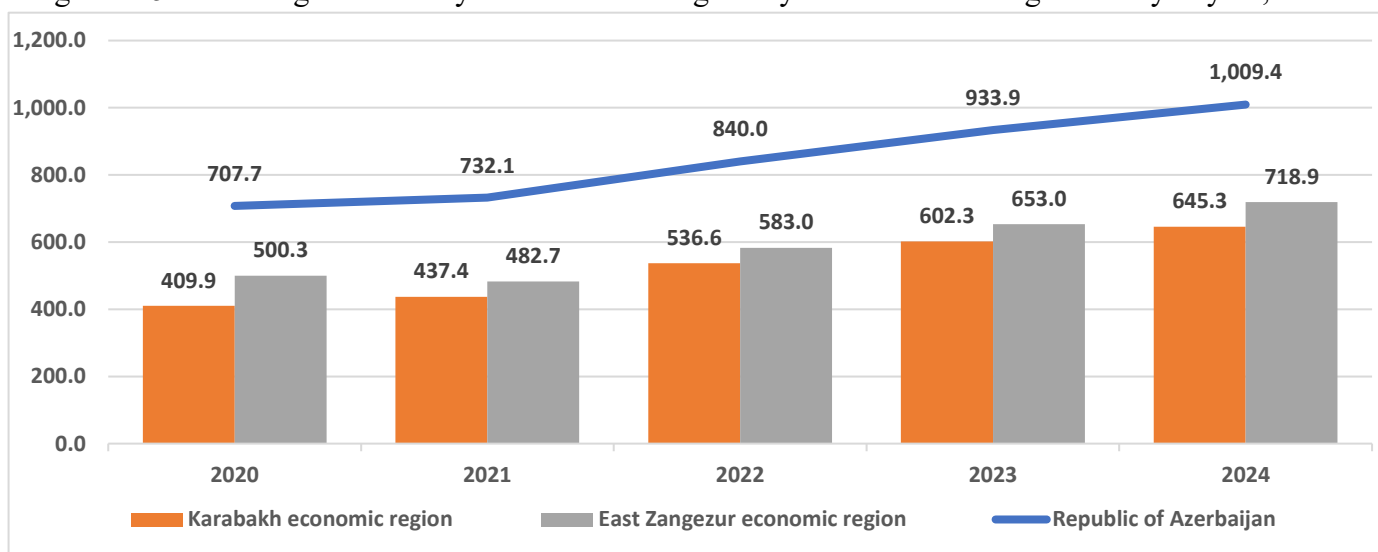
The analysis indicates that graduates of vocational and secondary specialized education institutions demonstrate relatively high levels of labour market participation, with a labour force participation rate of approximately 85% and an employment rate exceeding 75%. These indicators confirm that vocational education plays a significant role in developing human capital that meets the needs of the labour market.

The slightly higher labour force participation rate (86.0%) and employment rate (76.4%) observed in the East Zangezur economic region may be regarded as empirical evidence of the positive impact of investments and newly established economic activities implemented under the Great Return program on the regional labour market.

At the same time, although women account for approximately 42% of the labour force, reflecting the inclusive nature of the vocational education system, the relatively high share of unemployed women—particularly in the Karabakh economic region—highlights the need to strengthen gender-responsive employment policies. In this respect, the vocational education system serves as a strategic instrument for the socioeconomic reintegration of the liberated territories and for promoting sustainable regional development.

Between 2020 and 2024, the average monthly nominal wage in the Republic of Azerbaijan increased steadily, rising from AZN 707.7 to AZN 1,009.4 nationwide. Over this five-year period, increases in the minimum wage, sustained economic growth, inflation, and improvements in labour productivity contributed to an increase of AZN 301.7, or 42.6%, in the average nominal monthly wage (Figure 5).

Figure 5. Average monthly nominal wage by economic regions by year, manat



Source: Statistical Committee of the Republic of Azerbaijan

During the period 2020–2024, the Karabakh economic region also experienced sustained growth in the average monthly nominal wage, which increased by 57.4%, or AZN 235.4, rising from AZN 409.9 to AZN 645.3. Although the rate of increase exceeded the national average growth rate of 42.6%, the average wage in the region remained below the national average. In 2024, the average monthly wage in the Karabakh economic region amounted to only 63.9% of the national average. This disparity can be attributed to the region's still-evolving economic structure, the limited development of the private sector, and the concentration of employment primarily in construction, public administration, and social services.

In the East Zangezur economic region, the average monthly nominal wage increased by 43.7%, or AZN 218.6, during 2020–2024, rising from AZN 500.3 to AZN 718.9. In 2021, however, the average monthly wage declined by 3.5%, or AZN 17.6, to AZN 482.7, before resuming a strong upward trajectory in the following years. Between 2022 and 2024, significant wage growth was driven by the implementation of large-scale infrastructure projects, increased public investment, and the expansion of economic activity.

The analysis indicates that the growing level of economic activity in the liberated territories, the expansion of the non-oil sector, the gradual reduction of the shadow economy, and rising labour productivity have all contributed positively to wage growth.

To bring the average wage levels in the Karabakh and East Zangezur economic regions closer to the national average, it is essential to establish high value-added industrial enterprises, attract greater private investment, further develop the non-oil sector, and increase the number of high-technology jobs. In the long term, these measures will enhance the competitiveness of the regional labour markets, raise household incomes, and contribute to sustainable socioeconomic development.

6. Conclusion and Recommendations

The period 2016–2026 represents a decade of fundamental transformation in Azerbaijan's policy toward internally displaced persons (IDPs). During 2016–2020, the policy was primarily characterized by an active social protection model. Following the 2020 Patriotic War, however, it evolved into a comprehensive reintegration strategy under the "Great Return" State Program, focusing on active labour market policies, vocational education and training, self-employment, and the creation of sustainable income-generating opportunities.

Data available for 2026 indicate that:

- the employment rate in the liberated territories has exceeded 92%;
- more than 800 internally displaced persons have participated in vocational training programs implemented in cooperation with the World Bank;
- 546 business enterprises employing returning residents are currently operating; and
- the planned return of 140,000 former internally displaced persons by the end of 2026 is unlikely to be fully achieved.

Despite this progress, several challenges remain. These include relatively low motivation among young people to return, inadequate agricultural skills, gender disparities in digital literacy, limited financial inclusion, and difficulties in maintaining demographic balance. Addressing these challenges requires a comprehensive approach that combines investment in human capital, support for self-employment, institutional development, and a phased social protection policy.

Based on the findings of this study, the following recommendations are proposed to improve the employment opportunities and income-generating capacity of former internally displaced persons.

1. Investment in Human Capital

- Targeted vocational training programmes: Vocational training modules should be developed to meet the labour demand of the priority sectors identified for the development of the Karabakh region, including agriculture, tourism, construction, information and communication technologies (ICT), and renewable energy. In particular, intensive training programmes should be provided for individuals interested in agricultural employment but lacking practical experience.
- Enhancing digital literacy: Training programmes should be organized, particularly for populations resettling in rural areas, to improve skills in the use of e-government services, mobile banking, online marketing, and e-commerce, thereby strengthening digital inclusion and employability.
- Youth involvement: Given that only 65% of individuals under the age of 25 have expressed a firm intention to return, targeted measures should be introduced to strengthen young people's commitment to the return process. These may include scholarship programmes, internship opportunities, and professional development initiatives designed to enhance their skills, improve career prospects, and encourage long-term resettlement in the liberated territories.

2. Self-Employment and Micro-Entrepreneurship

- Expanding financial inclusion through microfinance: The fact that only 8% of the population uses microfinance services highlights a significant financing gap. It is recommended to expand access to microfinance by providing preferential start-up capital, low-interest microloans, and tailored financial instruments to support entrepreneurs, particularly returning internally displaced persons (IDPs).
- Promoting livestock farming, intensive horticulture, and beekeeping: The geographical and climatic conditions of the Karabakh and East Zangezur regions are well suited to the development of livestock production, intensive horticulture, and beekeeping. Individuals interested in these activities should first be enrolled in specialized training programmes to enhance their theoretical knowledge and practical skills. Upon successful completion of the training, they should receive comprehensive support tailored to their chosen activities. This support may include the allocation of land for livestock facilities, orchards, and grazing areas; the provision of construction materials for livestock shelters; access to agricultural machinery for fodder harvesting and other farming operations; and the supply of livestock, fruit seedlings, bee colonies, beehives, and other essential production inputs.
- Developing rural tourism: In villages with strong tourism potential, support should be provided for the establishment of guesthouses, local restaurants and catering facilities, and exhibition and retail outlets where local residents can display and sell traditional handicrafts and other locally produced goods.

3. Institutional Development

- Strengthening university–industry collaboration: An educational and innovation cluster should be established based on the "education–industry–business" partnership model, bringing together Karabakh University, the Aghdam Industrial Park, and the Azerbaijan State University of Economics (UNEC). Such a cluster would help ensure the training of a highly skilled workforce aligned with the needs of local industries and promote innovation-driven regional development.
- Enhancing public–private partnerships: Greater participation of the private sector should be encouraged to generate additional employment opportunities in the liberated territories. Additional incentives should be introduced for enterprises that employ former internally displaced persons and engage in productive economic activities. One possible measure would be to reimburse 50% of the costs of utility services—including electricity, natural gas, water supply, and wastewater disposal—based on the applicable tariffs, thereby reducing operating costs and encouraging businesses to create sustainable employment opportunities for returning IDPs.

4. Social Protection

- Gradual phasing out of social benefits: Given the high level of household dependence on social assistance, the gradual reduction of benefits should be accompanied by measures that promote financial self-sufficiency. These measures should include employment support, skills development, entrepreneurship assistance, and income-generating opportunities to ensure that households can transition smoothly from welfare dependency to sustainable livelihoods.

5. Allocation of Agricultural Land

- Granting land ownership to returning IDPs: In addition to providing residential properties under ownership rights rather than lease arrangements, former internally displaced persons who have been actively engaged in agriculture—including crop farming, livestock production, horticulture, beekeeping, and other agricultural activities—for more than five years should be granted ownership of a designated portion of the land they have been cultivating or using.

Such a policy would encourage permanent settlement in the liberated territories by strengthening property rights while simultaneously promoting self-employment and micro-entrepreneurship. It

would also contribute to increasing agricultural production and enhancing Azerbaijan's food security.

Concluding Remarks

Azerbaijan's "Great Return" programme can be regarded as a unique international example of post-conflict reintegration. Its comprehensive approach to reconstruction, resettlement, and employment distinguishes it from many comparable initiatives.

However, its long-term success will ultimately depend on the creation of sustainable economic opportunities that support permanent resettlement. This requires continued investment in human capital, the expansion of productive employment, and stronger participation of the private sector in job creation and regional economic development. Together, these measures will enhance the sustainability of the resettlement process, improve living standards, and contribute to the long-term socioeconomic development of the liberated territories.

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